

BEFORE THE
ILLINOIS COMMERCE COMMISSION

IN THE MATTER OF:)
)
COMMONWEALTH EDISON COMPANY,)
)
) No. 07-0566
)
Proposed general increase in)
electric rates.)

Chicago, Illinois
April 28, 2008

Met pursuant to notice at 9:00 a.m.

BEFORE :

MR. TERRANCE HILLIARD and MS. LESLIE HAYNES,
Administrative Law Judges.

1 APPEARANCES:

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3 MR. ARSHIA JAVAHERIAN
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17 LUEDERS, ROBERTSON & KONZEN, by
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12 Department of Energy;

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26 SULLIVAN REPORTING COMPANY, by
27 Steven T. Stefanik, CSR
28 Carla Camiliere, CSR
29 Tracy L. Overocker, CSR

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I N D E X

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1 Judge HAYNES: Pursuant to the direction of the
2 Illinois Commerce Commission, I now call
3 Docket 07-0566. This is the petition
4 Commonwealth Edison Company for a proposed general
5 increase in electric rates.

6 May I have the appearances for the
7 record, please, starting the Company.

8 MR. STAHL: Good morning, your Honors. David
9 Stahl, S-t-a-h-l, and Adam Oyebanji,
10 O-y-e-b-a-n-j-i, firm of Eimer, Stahl, Klevorn and
11 Solberg, Chicago, for Commonwealth Edison, along
12 with Anastasia O'Brien also for Commonwealth Edison
13 Company.

14 MR. FOSCO: Appearing on behalf of Staff of the
15 Illinois Commerce Commission, Carmen Fosco,
16 John Feeley, and Arshia Javaherian, 160 North
17 LaSalle Street, Suite C-800, Chicago, Illinois,
18 60601.

19 MS. LUSSON: On behalf of the People of the
20 State of Illinois, Karen Lusson, 100 West Randolph,
21 11th Floor, Chicago, Illinois 60601.

22 MS. McKIBBIN: On behalf of the Citizens Utility

1 Board, Anne McKibbin and Julie Soderna, 208 South
2 LaSalle Street, Suite 1760, Chicago, Illinois
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4 MR. BALOUGH: Appearing on behalf of the
5 Chicago Transit Authority, Richard C. Balough, 53
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8 MR. MOORE: Appearing on behalf of the Retail
9 Energy Supply Association, Steven Moore and
10 Kevin Rhoda of the law firm of Rowland and Moore,
11 LLP, 200 West Superior Street, Suite 400, Chicago,
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13 MR. ROBERTSON: Eric Robertson and Ryan
14 Robertson, Lueders, Robertson and Konzen, PO
15 Box 735, 1939 Delmar, Granite City, Illinois,
16 62404, and Conrad Reddick at 1015 Crest, Wheaton,
17 Illinois 60187, on behalf of the Illinois
18 Industrial Energy Consumers.

19 MR. BRUDER: Arthur Perry Bruder, United States
20 Department of Energy, 1000 Independence Avenue,
21 Washington, D.C., 20585.

22 MR. MUNSON: On behalf of the Building Owners

1 and Managers Association of Chicago, Michael
2 Munson, 123 North Wacker Drive, Suite 1800,
3 Chicago, Illinois 60606.

4 MR. COFFMAN: On appearing on behalf of AARP,
5 John Coffman, 871 Tuxedo Boulevard, St. Louis,
6 Missouri 63119.

7 MR. TOWNSEND: On behalf of the coalition to
8 Request Equitable Allocation of Rates Together, the
9 law firm of DLP Piper US, LLP, by Christopher J.
10 Townsend, Christopher N. Skey and Amanda C. Jones,
11 203 North LaSalle, Suite 1900, Chicago, Illinois
12 60601.

13 MS. MOSSOS: Also on behalf of the People of the
14 State of Illinois, Aliosis Mossos, Kristin Munch
15 and Janice Dale, 100 West Randolph Street, 11th
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17 MS. SOLMAN: On behalf of the International
18 Brotherhood of Electrical Workers, Rochelle Solman
19 (phonetic) of the law firm of Shoe (phonetic),
20 Cotton and Cook and Werner, 1221 Locust Street, 2nd
21 Floor, St. Louis, Missouri, 63103.

22 MR. JENKINS: Alan Jenkins for The Commercial

1 Group, 2265 Roswell Road, Marietta, Georgia.

2 JUDGE HAYNES: Are there any further
3 appearances?

4 Let the record reflect there are none.

5 I understand that there are a number of
6 petitions to intervene that have not been granted.
7 Are there any objections to any of those petitions
8 to intervene?

9 Hearing none, any outstanding petitions
10 to intervene that have not been granted are hereby
11 granted.

12 I also ask that everyone turn their cell
13 phones off. And is there anything else we need to
14 talk about before we begin with Mr. Mitchell?

15 No?

16 Okay. Would you like to introduce your
17 witness?

18 MR. STAHL: Yes. Thank you, Judge Haynes.

19 With me this morning is Mr. J. Barry
20 Mitchell, the president and chief operating officer
21 of Commonwealth Edison Company.

22 Mr. Mitchell will be the Company's first

1 witness and we are prepared to proceed at this
2 time.

3 JUDGE HAYNES: Thank you.

4 Please raise your right hand.

5 (Witness sworn.)

6 JUDGE HAYNES: Thank you.

7 J. BARRY MITCHELL,

8 called as a witness herein, having been first duly
9 sworn, was examined and testified as follows:

10 DIRECT EXAMINATION

11 BY

12 MR. STAHL:

13 Q. Mr. Mitchell, can you please state your
14 name for the record.

15 A. J. Barry Mitchell.

16 Q. And, Mr. Mitchell, by whom are you employed
17 and in what capacity?

18 A. I'm employed by Commonwealth Edison as
19 president and chief operating officer.

20 Q. Mr. Mitchell, I'm going to show you three
21 sets of testimony and ask you to identify this, if
22 you can.

1 These are marked as ComEd Exhibit 1.0,
2 ComEd Exhibit 17.0, and ComEd 34.0. And I would
3 like to know if you can identify that or those
4 pieces of testimony as your direct testimony,
5 rebuttal testimony and surrebuttal testimony
6 respectively?

7 **A.** Yes, I can.

8 **Q.** And with respect to all three pieces of
9 that testimony, Mr. Mitchell, was that testimony
10 prepared by you or under your supervision and/or
11 direction?

12 **A.** It was.

13 **Q.** And do you adopt that testimony as your own
14 in this case?

15 **A.** I do.

16 **Q.** And is that testimony true and correct, to
17 the best of your knowledge?

18 **A.** Yes, it is.

19 MR. STAHL: Thank you, Mr. Mitchell.

20 Judge Haynes, I have no further
21 questions of Mr. Mitchell at this time.

22 I would move into evidence Exhibits 1.0,

1 17.0 and 34.0, and Mr. Mitchell is now available
2 for cross-examination.

3 JUDGE HAYNES: And were these exhibits
4 previously filed on eDocket?

5 MR. STAHL: Yes.

6 JUDGE HAYNES: Thank you.

7 JUDGE HILLIARD: Are there any objections to the
8 exhibit?

9 Hearing no objections, they'll be
10 admitted into evidence.

11 MR. STAHL: Thank you, Judge Hilliard.

12 (Whereupon, ComEd
13 Exhibit Nos. 1.0, 17.0 and 34.0
14 were admitted into evidence as
15 of this date.)

16 JUDGE HILLIARD: Is there any cross-examination
17 for the witness?

18 MS. LUSSON: Yes. Yes, your Honor.

19 JUDGE HILLIARD: Go ahead.
20
21
22

1 CROSS-EXAMINATION

2 BY

3 MS. LUSSON:

4 Q. Good morning, Mr. Mitchell.

5 A. Good morning.

6 Q. My name's Karen Lusson. I'm from the
7 Attorney General's office.

8 I'd like to turn your attention to your
9 direct testimony, Page 3, Line 60.

10 A. I'm sorry, Page 3, Line?

11 Q. 60.

12 A. 60.

13 Yes.

14 Q. You mention that ComEd has invested heavily
15 in facilities and equipment to maintain its
16 infrastructure and preserve levels of reliability
17 in developed areas.

18 Would you agree that the electric
19 utility business is inherently capital intensive
20 requiring large amounts of new capital investment
21 to maintain high quality service?

22 A. Yes, I would.

1 **Q.** And at Line 62 of your direct testimony,
2 you reference substantial amounts that have been
3 invested by ComEd in, quote, new and emerging
4 technologies, end quote.

5 Now, here, you're not referring to any
6 Rider SMP projects specifically, but, rather, the
7 new technologies and investments that you and
8 Mr. Williams describe for which you're seeking rate
9 pace approval in this docket; is that correct?

10 **A.** That's correct.

11 **Q.** Is it correct that ComEd invests in new
12 technology because technology can provide a more
13 efficient business and create cost savings and
14 other efficiencies for the Company?

15 **A.** That's correct.

16 **Q.** On Page 6 at Line 127, you mention that
17 ComEd completed a SCADA program.

18 Can you first explain what -- and SCADA,
19 S-C-A-D-A -- what that is?

20 **A.** It stands for Supervisory Control And Data
21 Acquisition. It fundamentally uses -- applies
22 technology to gain information, data, about the

1 operating system and use that information to
2 control the system remotely at times and enhance
3 reliability.

4 Q. And you mention it enhances reliability.
5 Would you also agree that it improves operational
6 efficiency for the Company?

7 A. Yes.

8 Q. Now, at Line 127, you mention that ComEd is
9 one of the very few utilities that has the
10 capability to remotely monitor and, if necessary,
11 de-energize equipment at all of its substations,
12 reducing outage times and improving public safety.

13 Do other electric utilities not have
14 SCADA or are you saying that ComEd's SCADA is more
15 technologically advanced than systems used by other
16 utilities?

17 A. My general understanding is that it's
18 implied -- applied in varying degrees across the
19 industry.

20 Q. All right. Would you consider ComEd's more
21 technically advanced when you say it's one of the
22 few --

1 **A.** It's -- I'm not sure it's more technically
2 advanced. It's the more extensive application of
3 this technology across the system.

4 **Q.** And is it correct that ComEd's SCADA helps
5 to reduce the amounts of O&M expense that's
6 required to restore service after outages?

7 **A.** Yes, it would have that benefit.

8 JUDGE HILLIARD: When you use an acronym, will
9 you the first time state what it is so we have it
10 in the record. You used the term O&M.

11 MS. LUSSON: Sure.

12 JUDGE HILLIARD: Could you articulate one time
13 what that means.

14 MS. LUSSON: Sure. And by O&M, I mean operation
15 and maintenance.

16 BY MS. LUSSON:

17 **Q.** At Line 130 on Page 6, you mention the
18 investment in state of the art fire protection.

19 Can you describe the benefits or cost
20 savings achieved by those investments?

21 **A.** Yes. The first is to establish an
22 environment in the -- in substations and other

1 facilities to help prevent fires, to detect fires,
2 and, if they occur, to suppress fires.

3 Q. And were specific -- did the installation
4 of that investment reduce costs in specific cost --
5 O&M cost areas of the Company?

6 A. It would be more in the context of cost
7 avoidance --

8 Q. All right.

9 A. -- if you were to have a fire.

10 Q. When you refer to enhanced facility
11 security, was that done to avoid incurring more
12 security staffing costs?

13 A. It was to apply, in our view, the most
14 efficient form of security for the system.

15 Q. And what kind of cost savings were achieved
16 by that investment?

17 A. Once again, there's a little more emphasis
18 in this context of cost avoidance in terms of
19 preventing or detecting security issues.

20 Q. And is it correct that up until investment
21 was made by ComEd in those two areas, fire
22 protection and enhanced facility security, that, at

1 times, the Company incurred more costs than it does
2 now as a result of those investments, since you
3 mentioned cost avoidance?

4 **A.** I don't -- I don't recall specifically.
5 It's more the cost avoidance to either prevent
6 those occurrences to mitigate the impact of those
7 occurrences.

8 **Q.** Okay. At Line 132, you mention investments
9 made in mobile dispatch systems.

10 Does mobile dispatch help make your
11 field personnel work more efficiently and thereby
12 reduce costs to the Company?

13 **A.** Yes.

14 **Q.** And those would be labor costs?

15 **A.** Yes.

16 **Q.** And with respect to distribution
17 automation, what types of smart switches and other
18 related equipment are you talking about there on
19 Lines 132 and 133?

20 **A.** Things like reclosers that can mitigate the
21 impact of a fault that causes an outage and reduce
22 the number of customers, for example, that are

1 impacted by that outage.

2 Q. And would you say that that investment
3 helps reduce the Company's costs also?

4 A. Not so much directly. It reduces the
5 impact as in having fewer customers impacted by a
6 particular outage.

7 Q. And by detecting a fault and reconfiguring
8 the system without human intervention, can some
9 labor costs be avoided that are needed in areas
10 where ComEd has not made distribution automation
11 investments?

12 A. I'm sorry. Could you repeat that?

13 Q. By detecting a fault and reconfiguring the
14 system without human intervention, can some of
15 labor costs be avoided that are needed in areas
16 where ComEd has not made a distribution --

17 A. Yes.

18 Q. So if ComEd can, quote, prevent many
19 interruptions by investing in new technology, it
20 follows then, would you agree, that ComEd crews
21 will need to respond to fewer outages and the crews
22 might be more efficiently deployed when they are

1 needed?

2 **A.** Yes, that would be part of the impact.

3 That's correct.

4 **Q.** On Line 147 of Page 7, you say, ComEd is
5 investing in technologies that will improve its
6 overhead and underground distribution performance,
7 and there, you list a few items.

8 And is it cost-effective for ComEd to
9 invest four to five million in aerial spacer cable
10 in order to avoid outages caused by tree contact?

11 **A.** Yes.

12 **Q.** And regarding dialectic injection treatment
13 of underground cable, is this a technology that may
14 extend the useful life or reduce maintenance
15 expenses?

16 **A.** Yes.

17 **Q.** And so the Company has made a determination
18 through its budgeting process that it's cost
19 effective for ComEd to spend 30 million per year on
20 this technology?

21 **A.** Yes, where it's applicable.

22 **Q.** And then on Page 8, Line 158, you talk

1 about replacing older, fluid-filled high-voltage
2 cables. And I take it this new investment will
3 help to reduce maintenance expenses on these older
4 cables?

5 **A.** It's a little bit more of the aspect of
6 getting ahead of the curve with respect to faults
7 and failures.

8 **Q.** By "getting ahead of the curve," you mean?

9 **A.** In other words -- I'm sorry. Go ahead.

10 **Q.** I'm sorry. Can you explain what you mean
11 by "getting ahead of the curve."

12 **A.** The anticipation that failures will occur
13 at a particular rate in this case with underground
14 cable.

15 **Q.** And that, again, would achieve cost savings
16 or efficiencies for the Company?

17 **A.** That's part of it.

18 **Q.** And then at Line 16, you mention piloting
19 the use of fuseless capacitor banks, which you say
20 may produce continued savings and reduce
21 maintenance and installation costs.

22 Is it fair to say then that the process

1 of investing in new technology often undertake --
2 is often undertaken because that investment
3 provides operational efficiencies and O&M savings
4 through to the utility?

5 **A.** Yes.

6 **Q.** With regard to all of the technologies
7 we've discussed so far, including mobile dispatch,
8 your completed SCADA investment, aerial spacer
9 cables, smart switches, dialectic injection,
10 fuseless capacitor banks, would you agree that
11 ComEd made these investments, and, in fact, I
12 believe the Company has testified -- testifying
13 they made these investments because they were
14 prudent and necessary to efficiently provide
15 utility services?

16 **A.** Yes.

17 **Q.** Now, did ComEd request advanced Commission
18 approval for any of these investments?

19 **A.** No.

20 **Q.** Did the Commission order ComEd to make any
21 of these investments?

22 **A.** Not to my knowledge.

1 **Q.** And ComEd made those investments without
2 having any special tariffs such as Rider SMP in
3 place; is that right?

4 **A.** That's correct.

5 **Q.** Now, at Page 10 of your testimony, you
6 introduce the Rider SMP tariff, and you note that
7 it will, quote, Provide for recovery through
8 Rider -- Rider SMP of the revenue requirement
9 equivalent, recovery of and return on of the
10 investment costs of a limited number of capital
11 projects.

12 If the Commission says no to Rider SMP
13 in this docket, are you saying that ComEd will not
14 invest in AMI and other smart grid technology or
15 any of the other projects proposed in Rider SMP?

16 **JUDGE HILLIARD:** Define AMI, please.

17 **MS. LUSSON:** Oh, advanced metering
18 infrastructure, AMI.

19 **THE WITNESS:** As with respect to AMI, it's
20 unlikely we would proceed. With the other
21 applications, we'd have to examine them on a
22 case-by-case basis.

1 BY MS. LUSSON:

2 Q. And, in fact, when you say we'd have to
3 examine them on a case-by-case basis, that's
4 exactly what the Company does now through its
5 capital budgeting process, doesn't it?

6 A. Yes.

7 Q. And is it correct that throughout that
8 process, the Company makes adjustments based on
9 consultation with the experts within the Company,
10 various levels of executive sign-off and,
11 ultimately, the board of directors?

12 A. Yes.

13 Q. So is it your testimony then -- make sure I
14 understand what you -- your statement was regarding
15 advanced metering infrastructure, AMI -- that
16 Commonwealth Edison, unless it gets Rider SMP, will
17 not ever be investing in advanced metering
18 infrastructure?

19 MR. STAHL: I object. That mischaracterizes the
20 witness's testimony. Is this on?

21 Sorry. I object. I believe that
22 mischaracterizes the witness's testimony.

1 MS. LUSSON: If I mischaracterized, I certainly
2 didn't mean to. Perhaps you can clarify.

3 BY MS. LUSSON:

4 Q. Is it your testimony that ComEd would never
5 invest in AMI technology without Rider SMP?

6 A. I believe what I said was that it would be
7 unlikely that we would proceed with that.

8 Q. Today.

9 A. One hesitates to say never.

10 Q. Okay. So, in fact, is it your testimony
11 then that the proposed time line for investment of
12 AMI technology would be different if the Commission
13 rejects Rider SMP than what the Company is
14 proposing ultimately in its surrebuttal case?

15 A. I wouldn't want the impression to be that
16 it's just a matter of when. There's a significant
17 "whether" we would proceed aspect based upon the
18 Company's circumstances.

19 Q. Okay. And if it's a question of whether,
20 then is it correct to assume then that the Company
21 would have to go back to its normal capital budget
22 process in determining when and if it will invest,

1 in fact, in AMI infrastructure?

2 A. Well, we would apply the same kinds of
3 standards that we always would.

4 Q. In terms of the capital budget process?

5 A. Correct.

6 Q. And that's if Rider SMP is not permitted?

7 A. That's correct.

8 Q. Now, how about with, specifically, the
9 SCADA system. I don't recall.

10 Did you say you would have to reevaluate
11 upgrading the SCADA system if Rider SMP was not
12 permitted?

13 A. I don't believe I -- that was in the
14 category of the kind of project we'd have to
15 reevaluate.

16 Q. Okay. So, again, that would go through the
17 typical existing capital budget process that the
18 Company follows now?

19 A. Yes.

20 Q. Now, with regard to the mobile dispatch
21 project that was once included in your original
22 Rider SMP proposal but has now been removed as I

1 understand it in the Company's rebuttal case, has
2 the Company abandoned mobile dispatch technology or
3 will it complete installation of mobile dispatch
4 sometime in the near future?

5 **A.** Mobile dispatch can be implemented in
6 different phases or components. So that the extent
7 to which it's applied to different areas of
8 operations can be done discretely.

9 In other words, yes, and then we could
10 always stop or continue on.

11 **Q.** Would you agree that the installation of
12 AMI investment can be implemented in different
13 phases?

14 **A.** Yes, it could be done in phases.

15 **Q.** So is it correct then that the Company has
16 not done a specific analysis to determine the time
17 line for AMI investment without Rider SMP?

18 **A.** No, I wouldn't say that.

19 **Q.** Do you have a time line if Rider SMP is not
20 approved for AMI investment?

21 **A.** There are two fundamental -- at least two
22 fundamental components when we're talking about our

1 capital program.

2 There are the projects and investments
3 that we deem appropriate to make to maintain
4 reliability to our customers with the overlay of
5 our financial condition in terms of how much -- how
6 many -- how much funds we have available to make
7 those investments.

8 **Q.** All right. But there's no specific time
9 lines, for example, four years, eight years, twelve
10 years?

11 **A.** We all -- I don't -- if there is, I don't
12 recall.

13 **Q.** Okay. Now, as I understand the Company's
14 testimony, the Company predicts that the
15 installation of AMI and demand response technology
16 will increase the rate -- the array of services
17 ComEd can offer its customers; is that correct?

18 **A.** Yes.

19 **Q.** Can you provide specific examples of those
20 different services?

21 Would they be tariffed?

22 **A.** This would be the information fundamentally

1 that customers would have available to them to make
2 choices with respect to their energy usage.

3 And, therefore, they'd have the ability
4 to reduce their costs, their electric bill, and
5 also to provide more information with respect to
6 the nature of that energy.

7 **Q.** And do you see the information provision
8 that AMI creates as creating separate tariffed
9 services or would this all be within the context of
10 plain old delivery service, for example, to
11 residential customers?

12 **A.** I believe it'd be in the context of normal
13 service.

14 **Q.** Now, as I understand your testimony, these
15 services would go beyond the existing definition of
16 delivery service now provided by ComEd; is that
17 right?

18 **A.** That's correct.

19 **Q.** Have you performed any market research
20 studies to determine the level of residential
21 customer demand for such services within the
22 residential class?

1 **A.** I'm not aware of any such studies.

2 **Q.** At Line 211 of your direct testimony, you
3 reference -- actually, it's Line 213 -- that
4 Rider SMP would allow recovery of and return on the
5 investment costs of a, quote, limited number of
6 capital projects. These are, under the Company's
7 proposal, projects that only ComEd would propose;
8 is that right?

9 In other words, the Attorney's General's
10 Office couldn't come in in any sort of proceeding
11 and say we think that the Company needs to invest
12 more on aerial spacer cables to improve the tree
13 trimming performance of the Company?

14 **A.** We always are interested and listen to the
15 input from our customers, but these would be
16 projects that the Company would propose.

17 **Q.** And how long do you see Rider SMP being in
18 existence, indefinitely?

19 **A.** Yes, until circumstances might change.

20 **Q.** And would those -- what would those
21 circumstances be?

22 **A.** I guess it's best to characterize, I think

1 it would be in place indefinitely because I believe
2 it's fundamentally a good idea for the projects
3 that it would be appropriate to have included in
4 that rider.

5 Q. Would you agree that Rider SMP
6 fundamentally changes the way capital projects are
7 financed by the Company, to the extent that the
8 Company receives recovery of and on the investment
9 from ratepayers prior to any request to include a
10 plant project in rate base?

11 MR. STAHL: Let me just ask for a clarification.
12 It's not really an objection.

13 When you say the way projects are
14 financed, do you mean the rate treatment of those
15 projects or do you mean the steps that the Company
16 has to go through to actually raise capital to pay
17 for the projects?

18 MS. LUSSON: I would say the latter.

19 MR. STAHL: All right. Thank you.

20 Do you understand the question?

21 THE WITNESS: Yeah, I do.

22 It wouldn't change really anything with

1 respect to how we finance projects.

2 BY MS. LUSSON:

3 **Q.** Okay. So the Company currently, with
4 respect to the process that we've talked about now
5 this morning, the SCADA, the projects that you're
6 seeking rate base inclusion for, were those
7 projects financed internally, that is, through
8 customer rates and any O&M savings that the Company
9 might have achieved, efficiencies created, or
10 was -- did you have to go to the capital markets to
11 finance those projects?

12 How did the Company finance those?

13 **A.** It would be a combination of
14 internally-generated cash and money raised in the
15 capital markets.

16 **Q.** And when you say "money raised in the
17 capital markets," can you be specific? Did you
18 issue bonds? Go get loans? What?

19 **A.** Issue debt.

20 **Q.** Issue debt?

21 I'd like to clarify, if I could. You're
22 the first witness, so I'm going to have to ask

1 you -- what the Company's ultimate position now is
2 with respect to Rider SMP.

3 Mr. Crumrine referenced a time line in
4 his surrebuttal testimony. It's at Page 7.

5 MR. STAHL: I don't believe we have that here.
6 Should we pull it out or do you have a copy that
7 you can --

8 MS. LUSSON: I actually just brought my copy.
9 If you can pull it out, that'd be helpful.

10 Well, how about if I read you things and
11 see if this sounds familiar.

12 THE WITNESS: Okay.

13 MR. STAHL: Sure.

14 BY MS. LUSSON:

15 Q. Okay. Now, as I understand the latest
16 position of the Company, you're now asking that the
17 Commission approve Rider SMP without any projects
18 attached to it; is that correct?

19 A. Yes.

20 Q. And then the Company would conduct a
21 six-month workshop process and then be permitted to
22 begin proposing Rider SMP projects at the -- after

1 the end of that six-month workshop process; is that
2 right?

3 A. Yes.

4 Q. And that second six-month process is where
5 the Company would seek Commission approval of
6 specific discrete projects; is that right?

7 A. Yes.

8 Q. Now, just to be clear, is this the
9 Company's second best alternative or do you still
10 want the Commission to consider your original
11 proposal with Rider SMP and all of the projects
12 that Ms. Clair talks about?

13 Which is the Company's position now?

14 A. We stand by Mr. Crumrine's testimony.

15 I believe all the principles are the
16 same with respect to the rationale for SMP and the
17 types of projects that would be included. What
18 we're talking about here, I believe, is the process
19 whereby it would be implemented.

20 Q. Okay. So if I understand you then, you're
21 saying that right now, the Company's position is
22 that they are asking the Commission to approve

1 Rider SMP, for lack of a better term, as an empty
2 rider at this point with no specific projects
3 attached to it; is that correct?

4 MR. STAHL: Well, I'll object to the
5 characterization of it as an empty rider; but if
6 that means without specific projects attached, I
7 will withdraw the objection.

8 MS. LUSSON: That's what I meant.

9 MR. STAHL: All right.

10 THE WITNESS: Yes.

11 BY MS. LUSSON:

12 Q. Okay. Now, if the Commission does not
13 approve Rider SMP, is it the Company's position
14 that it will not engage in any kind of
15 collaborative process as to what constitutes smart
16 grid technology?

17 A. No, I don't believe we -- we ever said
18 that.

19 Q. Okay. To the extent that the Company's
20 Rider SMP proposal asks ratepayers to provide a
21 return of Nonrider SMP investments, and to the
22 extent that the Company has admitted these projects

1 are not necessary for the provision of basic
2 electric delivery service, in your -- in your mind,
3 would it be appropriate for that proceeding to
4 include an examination of whether the definition of
5 what basic electric delivery service is should be
6 examined?

7 MR. STAHL: And which proceeding? I object.

8 MS. LUSSON: The workshop.

9 MR. STAHL: In the workshop?

10 MS. LUSSON: Yes.

11 THE WITNESS: I'm not sure I followed that
12 question.

13 BY MS. LUSSON:

14 Q. It was a long question.

15 A. But I believe that implicit in the
16 examination of the projects would be a
17 determination of what constitutes basic reliable
18 service to our customers.

19 Q. And that kind of examination can go on
20 without approval of Rider SMP in this docket,
21 couldn't it?

22 A. I guess so.

1 **Q.** Now, Mr. Crumrine's schedule says the
2 workshop process would end in April of '09. What
3 if there isn't consensus as to all of these issues?
4 What then?

5 **MR. STAHL:** All of these issues being including
6 what is basic utility service?

7 **MS. LUSSON:** What is basic utility service; how
8 is the smart grid defined; what kind of AMI
9 infrastructure is appropriate.

10 **THE WITNESS:** I'm not sure I know how to answer
11 that question.

12 It would depend upon what the
13 circumstances were at that time.

14 **BY MS. LUSSON:**

15 **Q.** And would that workshop process in your
16 vision be a docketed proceeding with a Commission
17 order at the end?

18 **A.** I would imagine it would be.

19 **Q.** I'm going to show you what I'll mark as A&G
20 Cross Exhibit 1.

21

22

1 (Whereupon, AG Cross
2 Exhibit No. 1 was
3 marked for identification
4 as of this date.)

5 BY MS. LUSSON:

6 Q. This was the Company's response to our
7 RDL 4.04, which I think is a staff data request?

8 MR. JAVAHERIAN: Yes.

9 BY MS. LUSSON:

10 Q. And this data request response explores the
11 definition of what it is to meet minimum service
12 obligations and how the Company defines basic
13 service obligations.

14 If you have a chance to look it over,
15 would you -- do you concur with that response
16 provided there in terms of how the Company defines
17 basic and minimum service obligations?

18 MR. STAHL: Well, let me just say I'm perfectly
19 happy for Mr. Mitchell to do that, but we did send
20 a list around of all of the data request responses
21 that the Company provided with a list of witnesses
22 who would be available to testify to those.

1 And, Ms. Lusson, is this one that
2 Mr. Mitchell was listed for, to your knowledge?

3 MS. LUSSON: I believe it may have been another
4 witness.

5 MR. STAHL: Yeah, I think it was.

6 BY MS. LUSSON:

7 Q. But if Mr. Mitchell, after reading it, can
8 indicate whether he agrees with it, since it was
9 supplied by the Company?

10 MR. STAHL: Yeah, I have no problem with that,
11 but we did have a procedure in place under which we
12 did identify specific witnesses. And that's fine.

13 Mr. Mitchell, if will look at this and
14 verify that, in fact, it is the Company's position
15 and all of that. But I think it would be more
16 appropriate to ask detailed questions of the other
17 witness who we did designate.

18 Otherwise, the whole procedure is
19 pointless, it seems to me.

20 MS. LUSSON: Well, just given the fact that the
21 witness did discuss basic service requirements and
22 reference that in your testimony, I thought it

1 might be appropriate to see if he agrees with that
2 definition.

3 MR. STAHL: As I say, I have no problem with
4 that at this point.

5 JUDGE HILLIARD: You can answer this question,
6 sir.

7 THE WITNESS: Okay. I've read it.

8 Could you please repeat your question?

9 BY MS. LUSSON:

10 Q. Do you agree with that definition that's
11 provided there?

12 A. Yes.

13 Q. If you consider the level of service being
14 provided by ComEd today, does the Company in your
15 opinion just barely meet its basic service
16 obligations or is the Company presently exceeding
17 its basic service obligation?

18 A. It's meeting its obligation, and I would
19 say that it's our attempt always to improve.

20 Q. Okay. Now, back on Page 11 of your direct
21 testimony at Lines 237?

22 A. Yes.

1 **Q.** You state, As capital investment needs
2 change in response to operating and financial
3 conditions, ComEd must be able to reprioritize its
4 spending without disrupting its long-term goals.

5 ComEd management currently is
6 responsible for prioritizing and optimizing capital
7 investment decisions, isn't it?

8 **A.** Yes.

9 **Q.** And I think, in response to A&G Data
10 Request 13.04, the Company detailed the process
11 that it goes through. And I won't ask you to
12 elaborate on that because, in fact, I think
13 Mr. Williams is the person responsible for that
14 response.

15 But, basically, that process begins in
16 late March; is that correct, that capital budget
17 process?

18 **A.** That is as good a time as any. It's almost
19 a continual process, but the March/April time frame
20 sort of begins the cycle anew.

21 **Q.** And as I understand it, the budgeting
22 process begins in July; in late August, an initial

1 draft of the O&M and capital expenditure budgets
2 are compiled and reviewed with ComEd's operating
3 leadership; is that right?

4 **A.** Once again, there's a reasonably constant
5 flow from business plan, long-range plan to budget
6 to approval of budget and so forth.

7 **Q.** And, ultimately, in early December, ComEd's
8 chief financial officer presents to ComEd's board
9 of directors the business plan for the upcoming
10 year, which includes a summary of the capital
11 expenditures, budget; is that right?

12 **A.** That would be a typical time.

13 **Q.** And then any changes are incorporated in
14 late December and early January?

15 **A.** If necessary, yes.

16 **Q.** So the process itself is almost a year-long
17 process, would you agree?

18 **A.** Correct.

19 **Q.** And that includes both expenditures that
20 are necessary to occur in the short term and also
21 long-term projects; is that right?

22 **A.** Yes.

1 **Q.** Now, the six or seven projects that
2 Ms. Clair and other witnesses talk about in their
3 testimony with regard to Rider SMP, did those
4 projects go through that same multilayered process
5 that begins early in the year and ends ultimately
6 in the following January?

7 **A.** Basically, yes, any project that we would
8 consider would.

9 **Q.** And before the Company submitted the
10 proposals for SMP in this case, did they -- were
11 they approved by the board of directors?

12 MR. STAHL: Let me just ask for a clarification.

13 "They" being the six or seven projects
14 you referred to in your previous question?

15 MS. LUSSON: Yes. Yes.

16 MR. STAHL: Okay.

17 THE WITNESS: The -- sort of the life cycle for
18 each of those projects are different in terms of
19 the degree to which they're under way or not
20 underway.

21 BY MS. LUSSON:

22 **Q.** When you say "the life cycle," do you mean

1 the investment in them already or the plan for
2 investment in them?

3 **A.** The investment or the fundamental
4 commitment to pursue them.

5 **Q.** And have -- has the board of directors
6 signed off on committing to those seven projects?

7 **A.** Only to the extent that those are in the
8 current plan and we're spending money on them.

9 MR. STAHL: Let me ask for a clarification.
10 When you say "the project," are you
11 talking about the proposed SMP projects?

12 MS. LUSSON: Yes, I am.

13 MR. STAHL: I'm not sure the witness understood
14 that. Perhaps he did.

15 Did you understand that to be the case?

16 THE WITNESS: Yes. But I guess the one example
17 might be the mobile dispatch, which has gone back
18 and forth a little bit because we can do that in
19 discrete pieces.

20 But the rest of the projects, for the
21 most part, we've not made a commitment to proceed.
22 And because of, in our view, the necessity of

1 having the process such as SMP in order to allow
2 us -- give us the confidence to move forward with
3 those projects.

4 BY MS. LUSSON:

5 Q. And were they -- to the extent you say that
6 they have not been approved or there hasn't been --
7 been given the go ahead to proceed, were they
8 initially proposed in an initial capital budget
9 process, say, last year for purposes of this case?

10 A. No, there are lots of things that we
11 evaluate and consider for inclusion in our capital
12 program. But unless and until we incorporate them
13 in our actual capital plan and have a spending plan
14 to implement those projects, then they wouldn't be
15 brought forward for approval.

16 Q. Okay. So if Rider SMP is approved, the
17 listed SMP projects that you would propose each
18 six-month proceeding to the Commission would sort
19 of be exempted from this reprioritization process
20 that you typically go through?

21 A. No.

22 Q. Are they effectively locked in at high

1 priority due to the fact that Rider SMP might be in
2 place, a higher priority, say, than would otherwise
3 occur under the normal budgeting process?

4 **A.** I don't -- I don't see it as being
5 different. It would be part of our fundamental
6 process.

7 **Q.** To the extent that there are uncertainties
8 associated with AMI infrastructure, is the Company
9 concerned that absent Rider SMP, that if you went
10 ahead and invested in them, that the Commission
11 might not declare them used and useful in the next
12 rate case?

13 **A.** I'm not sure I understand your use of the
14 of "uncertainties."

15 **Q.** Do you -- would you consider investment in
16 AMI infrastructure more -- subject to rate base
17 exclusion absent Rider SMP?

18 **A.** Yes, we would be facing more risk,
19 unacceptable risk given our financial condition, to
20 move forward with a project as substantial as AMI
21 without assurance of recovery of prudently incurred
22 costs.

1 **Q.** Now, at Page 11, Line 237, you state, As
2 capital investment needs change in response to
3 operating and financial conditions, ComEd must be
4 able to reprioritize its spending without
5 disrupting its long-term goals.

6 Would you agree that it's a part of any
7 business, that is, that you have to reprioritize
8 spending?

9 **A.** Well, I know that we have to.

10 **Q.** And, in fact, that's how ComEd has always
11 made its investment decisions, right, as I
12 understand your capital budget process?

13 **A.** That's been a key principle of our process.
14 That's correct.

15 **Q.** Do you believe that the goal of ensuring
16 least cost rates to customers of ComEd and every
17 other public utility in the state is a regulatory
18 goal that should be continued to be followed?

19 **A.** Yes.

20 **Q.** Is it correct that if Rider SMP is adopted,
21 the Company would not expect to cause a reduction
22 in the interval between rate cases?

1 **A.** We would have to make that determination as
2 we always have.

3 **Q.** All right. So the absence of Rider SMP
4 doesn't necessarily shift the frequency of ComEd
5 filing rate cases; is that the Company's position?

6 **A.** The fundamental -- it would be driven as it
7 always has been by the fundamental need to recover
8 our costs.

9 **Q.** Now, at Line 244 of your direct testimony,
10 you mention that ComEd considers the SM program to
11 be a balanced one and it would provide valuable
12 benefits.

13 Are there any tariffs in place to enable
14 demand response credits associated with the
15 installation of AMI?

16 **A.** I'm not aware of it.

17 **Q.** And is it correct that if O&M savings
18 result from AMI investment or any SMP investment,
19 no savings would be discretely reflected in the
20 Rider SMP tariff; is that correct?

21 **A.** They would be reflected in our fundamental
22 costs.

1 **Q.** Would they -- ratepayers see a reduction as
2 those O&M efficiencies occur associated with the
3 installation of new technology under Rider SMP?

4 **A.** Not -- to my understanding, subject to
5 getting the details from Mr. Crumrine, that it
6 would not include any adjustments, but would
7 certainly have an impact on our costs which
8 would -- the major driver once again of our need to
9 ask for rate increases.

10 **Q.** And, again, the Company is in control of
11 how often it files a rate increase; isn't that
12 right?

13 **A.** Yes.

14 **Q.** Finally, at Page 12 of your direct
15 testimony, Line 251, you mention that you believe
16 the SMP program creates a, quote, partnership
17 between ComEd and the Commission that will enable
18 ComEd to move towards a more modern system and
19 incorporate into its grid the kinds of
20 technologically advanced features that will help
21 our customers revolutionize the way they manage
22 their electric usage.

1 When you say it "will enable," is it --
2 you're not implying that without Rider SMP, ComEd
3 will not be able to move towards a more modern
4 system, is it -- are you?

5 **A.** The point is that the partnership or
6 dialogue, if you will, with the Commission will
7 allow us to reach agreement on what projects we
8 should move forward with.

9 To the extent that they represent a
10 difference of what we supply currently for our
11 basic service, we think they're a good idea; but
12 given the Company's financial situation and the
13 magnitude of those projects, we view that dialogue
14 to be appropriate to reach agreement as to what the
15 appropriate nature, level and nature of that
16 service should be.

17 **Q.** And if the Commission says no to Rider SMP,
18 can you state that ComEd will continue to modernize
19 its system, but perhaps at a different pace?

20 **A.** Well, a different pace and in a different
21 manner subject to its -- all the other constraints,
22 financial and otherwise, that we face now.

1 **Q.** Just the way the business has always
2 operated; is that right? There's a constant --

3 **A.** The fundamental process is the same. The
4 circumstances are very different.

5 **Q.** And the circumstances being the desire to
6 invest in this new technology?

7 **A.** Circumstances being our financial condition
8 and the magnitude and the nature of the projects
9 that we view to be desirable.

10 **Q.** And, ultimately, this -- this case will --
11 assuming the Commission grants some kind of a rate
12 increase request, which I don't believe any party
13 is suggesting that rates need to be lowered or that
14 the revenue requirement should stay static, the
15 Company's financial position will improve relative
16 to where it is today, is that right, at the end of
17 this case?

18 **A.** Certainly on a relative basis, it would
19 improve.

20 MS. LUSSON: No further questions.

21 Thank you, Mr. Mitchell.

22 THE WITNESS: Thank you.

1 MR. STAHL: Your Honors, I understand there is
2 additional cross. I think we're at about the
3 halfway point based on the estimates that we've
4 received. While we're changing positions, could we
5 take a maybe a two-minute break?

6 JUDGE HILLIARD: Sure.

7 MR. STAHL: Thank you.

8 (Recess taken.)

9 JUDGE HAYNES: Okay.

10 MS. LUSSON: If I can interrupt, I failed to
11 move for the admission of AG Cross Exhibit 1, and I
12 would do so at this time.

13 MR. STAHL: No objection.

14 MS. LUSSON: Okay.

15 JUDGE HAYNES: Okay. A&G Cross Exhibit 1 is
16 admitted.

17 (Whereupon, AG Cross
18 Exhibit No. 1 was
19 admitted into evidence as
20 of this date.)

21 JUDGE HAYNES: Okay. Go ahead.

22 MR. TOWNSEND: Thank you, your Honor.

1 CROSS-EXAMINATION

2 BY

3 MR. TOWNSEND:

4 Q. Good morning, Mr. Mitchell.

5 A. Good morning.

6 Q. Chris Townsend appearing on behalf of The
7 Coalition to Request Equitable Allocation of Costs
8 Together or REACT.

9 Are you familiar with REACT,
10 Mr. Mitchell?

11 A. Not very much.

12 Q. Are you aware that it brings together some
13 of the largest customers of ComEd along with retail
14 electric suppliers who are interested in developing
15 competition at the residential and small commercial
16 level?

17 A. I guess I am now.

18 Q. And they're interested in trying to address
19 cost allocation issues, correct?

20 A. Yes.

21 Q. What is rate shock?

22 A. I would say that as the average person

1 would apply it, it's the degree to which rates
2 change and increase in a sufficient level to, in
3 theory, generate that shock.

4 Q. Would you agree that it can be the result
5 of a sudden and substantial increase in rates?

6 A. Sure.

7 Q. And, likewise, rate shock can occur if
8 there's a prolonged series of relatively high rate
9 increases, correct?

10 A. Yes.

11 Q. And the concept of rate shock is not new,
12 is it?

13 A. I guess not.

14 Q. And the concept of trying to avoid rate
15 shock isn't new either, is it?

16 A. Probably not.

17 Q. But would you agree that when ComEd designs
18 its rates, it should generally try to avoid rate
19 shock?

20 A. We have an obligation to recover our costs
21 in order to provide reliable service. And once
22 we've determined our -- the revenue requirement

1 that will recover those costs, we attempt to spread
2 those costs fairly over our customer base.

3 **Q.** I'm sorry. I'm not sure that that
4 responded to the question.

5 **A.** Well, I'm --

6 **Q.** I think my question is specifically --

7 MR. STAHL: Excuse me, Mr. Townsend.

8 I think the witness had something else
9 to say.

10 MR. TOWNSEND: Oh, I'm sorry. I didn't realize
11 that.

12 Please go ahead.

13 THE WITNESS: Just, you know --

14 MR. TOWNSEND: Thank you, Mr. Stahl.

15 THE WITNESS: -- we have the interests of our
16 customers at heart as one of the -- one of the
17 factors with respect to our requests for increases
18 and our structure.

19 There are times when we have
20 transitioned customers in a class from the current
21 rate to the ultimate rate, if you will, in
22 recognition of the degree of increase that that

1 class would face.

2 (Change of reporters.)

3 BY MR. TOWNSEND:

4 Q. And, again, now -- I still don't think that
5 the answer responded to the question. So the
6 question actually went to the issue of rate shock.

7 And when ComEd is designing its rates,
8 would you agree that ComEd should generally try to
9 avoid rate shock?

10 MR. STAHL: I object. I think the witness has
11 answered the question. I think now Mr. Townsend
12 would like to have the witness characterize his
13 answer in a certain way that Mr. Townsend would
14 prefer, but I do think in fairness the question was
15 answered by the witness in his own words.

16 JUDGE HILLARD: Sustained.

17 BY MR. TOWNSEND:

18 Q. Do you believe that it's appropriate for
19 ComEd to design its rates to avoid having a
20 disproportionate impact on a certain group of
21 customers?

22 A. I believe it should -- we should design the

1 rates based upon the fundamentals of the costs to
2 serve each class.

3 Q. So it shouldn't take into consideration at
4 all whether or not there's a disproportionate
5 impact upon its customers in a particular class?

6 A. Well, as I mentioned just a moment ago, we
7 have, uncertain circumstances, phased in or
8 transitioned a class of customers that would be
9 experiencing a particularly large increase.

10 Q. And why is that appropriate?

11 A. Because we think it's the real-life
12 practical ability of some of our customers to be
13 able to afford their service.

14 Q. Would you agree that it's important for the
15 Commission to consider the importance of rate shock
16 when determining whether rates have been properly
17 designed?

18 A. I would imagine that their total
19 prerogative to review anything that comes before
20 them in the context of a rate increase.

21 Q. So you don't know whether or not that's
22 appropriate or not for the Commission to consider

1 rate shock?

2 A. It's not up to me to decide that.

3 Q. Do you think that the Commission should
4 consider the issue of rate shock when designing or
5 when approving rates?

6 A. I think, fundamentally, the first test is
7 the appropriate and fair allocation of cost among
8 the different customer classes.

9 Q. And when you say that, are you suggesting
10 that the fair allocation of costs within that
11 analysis that the Commission should consider rate
12 shock?

13 A. I guess, it could under some extreme
14 circumstances.

15 Q. Are ComEd's current rates avoided having a
16 disproportionate impact upon a particular class of
17 customers?

18 A. I don't know how to define that. I
19 believe it's a fair allocation.

20 I don't know how else to say that. I'm
21 sorry.

22 Q. With ComEd's current rates, has ComEd

1 avoided establishing rates that are discriminatory?

2 A. Yes.

3 Q. Do you believe that ComEd's current rates
4 have avoided cross-subsidies between classes?

5 A. In the current rates, I believe that it's a
6 fair allocation amongst our customers, our classes
7 of customers.

8 Q. And that they have avoided cross-subsidies?

9 A. I believe so.

10 Q. Would you agree that ComEd should care
11 about rate shock?

12 A. We care about the rates that all of our
13 customers are paying.

14 And, once again, with the need to
15 recover all of our costs, we determine the fair
16 allocation of those costs to the different customer
17 classes.

18 Q. Are you familiar with the testimony of your
19 colleague, Mr. Frank Clark, in ICC Docket No.
20 05-0159?

21 A. What docket was that?

22 Q. That was the Procurement Docket, I think is

1 how it was generally referred to.

2 **A.** I know he gave testimony.

3 **Q.** And who is Mr. Clark?

4 **A.** He is chairman and CEO of Commonwealth

5 Edison.

6 **Q.** What was his position in 2005?

7 **A.** That was his position at that time.

8 MR. TOWNSEND: May I approach the witness?

9 JUDGE HILLARD: Yes.

10 (Whereupon, REACT MITCHELL Cross Exhibit No. 1 was

11 marked for identification.)

12 BY MR. TOWNSEND:

13 **Q.** I have handed you what's been marked as

14 REACT Cross-Exhibit 1, and I ask you -- this is an

15 excerpt of that cross-examination of Mr. Clark in

16 that docket.

17 I ask you to turn to Page 215 of that

18 transcript.

19 Do you see at Lines 7 to 8, Mr. Clark

20 indicates that ComEd obviously cares about rate

21 shock.

22 MR. STAHL: Let me object to the extent that the

1 exhibit itself, as far as I can tell, does not
2 indicate that this is Mr. Clark testifying or we
3 don't really know who it is.

4 I will accept, for the time being,
5 Mr. Townsend's representation that this is
6 Mr. Clark testifying; although, it's not clear from
7 the exhibit.

8 MR. TOWNSEND: Actually, if you turn to
9 Page 216, Mr. Stahl, I believe there is a reference
10 to Mr. Clark there.

11 MR. STAHL: Okay.

12 MR. TOWNSEND: Thank you.

13 BY MR. TOWNSEND:

14 Q. Do you agree with Mr. Clark's statement,
15 Mr. Mitchell?

16 A. Yes.

17 Q. I ask you to turn to Page 217 and look at
18 Lines 16 through 19.

19 A. Okay.

20 Q. Do you agree with that statement, as well,
21 that Commonwealth Edison Company absolutely is
22 conscious of rate shock?

1 **A.** Yes.

2 **Q.** And do you agree that ComEd has an
3 obligation to mitigate rate shock?

4 **A.** To the extent that we have.

5 **Q.** You would agree in this rate case, the
6 percentage rate increases that ComEd is proposing
7 for the 79 customers in the very large and extra
8 large customer classes is much higher than the rate
9 increase that's been proposed for residential
10 customers, correct?

11 **A.** Yes.

12 **Q.** ComEd's proposed an overall rate increase
13 of 8 percent for its residential customers,
14 correct?

15 **A.** That's a bill impact of 8 percent,
16 approximately, 8 percent.

17 **Q.** And ComEd has proposed an increase of 129.4
18 percent for its over-ten megawatt high-voltage
19 customers, correct?

20 **A.** I don't recall the exact number. I
21 believe that's in combination of Mr. Crumrine's and
22 Mr. Alongi and Dr. Jones' testimony.

1 Q. Would you be willing to accept that number,
2 subject to check?

3 A. Yes, I would.

4 Q. It's in the right ballpark, around 130
5 percent increase for the high-voltage over-ten
6 megawatt customers, right?

7 MR. STAHL: Object; asked and answered.

8 BY MR. TOWNSEND:

9 Q. For ComEd's other over-ten megawatt
10 customers, would you be willing to accept, subject
11 to check, that ComEd has proposed an increase of
12 over 140 percent?

13 A. Yes, subject to check.

14 Q. Did you review the testimony of REACT in
15 this proceeding?

16 A. I did not.

17 Q. Do you know if any ComEd witness presented
18 testimony contradicting REACT witness, Mr. Fults',
19 calculation of the dollar impact of ComEd's
20 proposal on the over 10-megawatt customers?

21 A. I'm not familiar with the response to that.

22 Q. So are you aware that ComEd's proposal

1 would increase annual costs for some of its largest
2 customers by more than \$1 million annually?

3 **A.** Subject to check.

4 **Q.** So, as you sit here now, you don't know
5 whether or not ComEd's proposal would increase
6 rates for those customers by over \$1 million
7 annually?

8 **A.** I don't know the exact impact on every
9 single customer, no, I do not.

10 MR. TOWNSEND: May I approach?

11 JUDGE HILLARD: Yes.

12 (Whereupon, REACT Mitchell Cross Exhibit No. 2 was
13 marked for identification.)

14 BY MR. TOWNSEND:

15 **Q.** I handed you what is being marked as REACT
16 Cross-Exhibit 2, which is an excerpt from REACT
17 Witness Bodmer's testimony.

18 We highlighted on that page a question
19 that Mr. Bodmer answered?

20 Do you see that?

21 **A.** Yes.

22 **Q.** Mr. Bodmer asked the question in his direct

1 testimony, "What did the over 10-megawatt customers
2 do to deserve such disproportionate massive rate
3 increase?" Correct?

4 A. That's the question.

5 Q. Did you present any testimony answering
6 that question?

7 A. No, I did not.

8 Q. Do you know of any ComEd witness that did?

9 A. I'm not aware.

10 Q. Does ComEd know whether the price of the
11 commodity of electricity in its service territory
12 is going to increase next year?

13 MR. STAHL: Can I have that question read back
14 please.

15 (Whereupon, the record
16 was read as requested.)

17 MR. STAHL: You're talking about the power
18 itself?

19 MR. TOWNSEND: Yes.

20 THE WITNESS: No.

21 BY MR. TOWNSEND:

22 Q. Does ComEd know whether the price of the

1 commodity of the electricity in the service
2 territory is going to increase over the next three
3 years?

4 **A.** No.

5 **Q.** Does ComEd regularly project what it
6 anticipates the price of the commodity of the
7 electricity in its service territory will be?

8 **A.** Yes, we examine what the market will be.

9 **Q.** Is that something that you publish?

10 **A.** If we do, I'm not aware of it.

11 **Q.** Is that something that ComEd independently
12 analyzes or does it rely on published markets?

13 **A.** It would be a combination.

14 MR. TOWNSEND: I would like to make an
15 on-the-record data request for copies of those
16 projections please.

17 MR. STAHL: We will take it under advisement.

18 MR. TOWNSEND: Again, there is some urgency to
19 the timing of getting that response given that
20 there is testimony from one of the witnesses of
21 ComEd that suggests that they don't know what the
22 forward price of electricity is going to be over

1 the next three years?

2 MR. STAHL: 30 years, did you say?

3 MR. TOWNSEND: Next three years.

4 It's Mr. Crumrine, so if we could get
5 that response before Mr. Crumrine's testimony --
6 before he testifies here, we would appreciate it.

7 MR. STAHL: You want to move Mr. Crumrine back
8 to next week?

9 MR. TOWNSEND: Let's do both. We may have to,
10 actually, Mr. Stahl.

11 BY MR. TOWNSEND:

12 Q. Mr. Mitchell, you're currently employed by
13 ComEd, correct?

14 A. Yes.

15 Q. And before being employed by ComEd you held
16 an executive position with Exelon Corporation,
17 correct?

18 A. I did.

19 Q. And Exelon is the parent company of ComEd,
20 right?

21 A. Yes.

22 Q. And Exelon is the sole shareholder of

1 ComEd?

2 A. Yes.

3 Q. Now, although, you're an employee of ComEd,
4 you have a financial interest in Exelon; isn't that
5 correct?

6 A. I always want to make sure that the parent
7 does well, but, yes.

8 Q. That is a concern for you, isn't it, that
9 the parent does well?

10 A. Certainly.

11 Q. At the time you took your current position
12 with ComEd, you received a restricted stock award
13 of 5,000 shares of Exelon Common Stock, correct?

14 A. Yes.

15 Q. And that awards vests three years from the
16 date of the award; is that correct?

17 A. As I recall, that's correct.

18 Q. What was the date of that award,
19 approximately?

20 A. December of 2005.

21 Q. In your direct testimony, you articulate
22 the reasons ComEd asserts it needs a rate increase,

1 correct?

2 A. Yes.

3 Q. You suggest that there are growing and
4 changing needs of your customers, right?

5 A. Yes.

6 Q. And, specifically, you identify the growth
7 in collar and far-collar counties away from Chicago
8 and Rockford, correct?

9 A. Yes.

10 Q. For example, you identify the remarkable
11 growth in Kendall County, right?

12 A. I'm not sure whether that details in my
13 testimony or Mr. Williams testimony, but it's there
14 somewhere.

15 Q. Well, let's go ahead and turn to your
16 testimony. It's in your Direct Testimony,
17 Exhibit 1, correct?

18 JUDGE HILLARD: Give him a page and line number.

19 MR. TOWNSEND: Page 3, right around Lines 54 and
20 55.

21 A. Yes.

22 Q. And you testified that the expansion has

1 required ComEd to quote:

2 "Install and expand additional

3 distribution facilities, transform

4 the nature of our networks from

5 rural to high density and

6 expand our service in those areas."

7 Correct?

8 **A.** Correct.

9 **Q.** Now, we are talking about primarily

10 residential expansion, correct?

11 **A.** In this case, yes.

12 **Q.** And the expansion in those collar counties

13 is not industrial expansion, is it?

14 **A.** It could be, but I believe the primary

15 reference is residential.

16 **Q.** Did you perform any investigation to

17 determine whether or not it was commercial,

18 industrial, or residential?

19 **A.** I'm not aware of any those details.

20 **Q.** I'm handing you what is being marked as

21 REACT Cross-Exhibit No. 3.

22

1 (Whereupon, REACT Mitchell Cross
2 Exhibit No. 3 was marked for
3 identification.)

4 BY MR. TOWNSEND:

5 Q. And that's an article from the
6 Ledger-Sentinel in Oswego, Illinois.

7 Are you familiar with Oswego?

8 A. Yes.

9 Q. And that's in Kendall County, correct?

10 A. Yes.

11 Q. And the article is entitled, "A closer look
12 at your tax bill, more stores open, but commercial
13 tax base shrinks." Correct?

14 A. Yes.

15 Q. I point you to the second paragraph.

16 The second sentence it states:

17 "In fact this year's figures from

18 Kendall County Supervisor of

19 Assessments, the Kendall County

20 Clerk, and the Kendall County

21 Treasurer show that local

22 development officials are steadily

1 losing ground in their efforts
2 to offset the area's continuing
3 robust residential development
4 by attracting commercial and
5 industrial developments."

6 Correct?

7 **A.** Yes.

8 **Q.** Does ComEd have any information that would
9 contradict the information in the article about the
10 explosion of residential development in Kendall
11 County?

12 **A.** Not that I'm aware of.

13 **Q.** As president of ComEd, are you generally
14 familiar with your largest customers?

15 **A.** Generally speaking.

16 **Q.** How many customers does ComEd have in its
17 service territory?

18 **A.** About 3.8 million.

19 **Q.** How many of those customers are in the very
20 large or extra large customer classes?

21 **A.** There are 3.4 million residential, so the
22 balance may be several 100.

1 Q. Now, I'm sorry. I was asking about the
2 very large or extra large customer classes.

3 A. Yes, a few 100.

4 Q. Would you be willing to accept, subject to
5 check, that there are 79 customers in the very
6 large or extra large customer classes?

7 A. Sure.

8 Q. Would you agree that your largest customers
9 are important to the economy of Northern Illinois?

10 A. Yes.

11 Q. Would you agree that they're large
12 employers?

13 A. Yes.

14 Q. In fact, they're some of the largest
15 employers in Northern Illinois, aren't they?

16 A. I would assume so.

17 Q. They aren't just large companies, are they?
18 They also include municipalities, such as, the City
19 of Chicago, correct?

20 A. That's correct.

21 Q. And other large governmental organizations;
22 such as, The Metropolitan Water Reclamation

1 District of greater Chicago?

2 A. Yes.

3 Q. Would you agree that in very large part
4 that ComEd's very large and extra large customers
5 have been around for years located in the same
6 place and doing, basically, the same thing?

7 A. Yes.

8 Q. ComEd has distributed public documents
9 embracing a competitive electric market for
10 residential customers, correct?

11 A. A generally competitive market in the broad
12 sense, yes.

13 (Whereupon, REACT Mitchell Cross
14 Exhibit No. 4 was marked for
15 identification.)

16 BY MR. TOWNSEND:

17 Q. Handing you what's being marked as REACT
18 Cross-Exhibit 4, do you recognize that document?

19 A. I do.

20 Q. And was that document generated regarding
21 residential competition?

22 JUDGE HILLIARD: You want to identify the

1 document for the record.

2 MR. TOWNSEND: I'm sorry. The document is
3 entitled, Moving Competition Forward.

4 THE WITNESS: Okay.

5 BY MR. TOWNSEND:

6 Q. That document doesn't distinguish between
7 residential competition or commercial industrial
8 competition, does it?

9 A. No, I don't believe it does.

10 Q. And according to that document, competition
11 is the backbone of the American economy bringing
12 consumers lower prices and better value, correct?

13 A. Yes, the general proposition of
14 competition.

15 Q. It further says, that competition, when
16 practically and appropriately applied, serves
17 customers better than traditional regulatory
18 regimes, correct?

19 The second paragraph on the first page.

20 A. Yes.

21 Q. And that same paragraph concludes that a
22 marketplace for the buying and selling of energy

1 would provide more efficiency, less risk, greater
2 innovation and the lowest possible cost, correct?

3 MR. STAHL: I'm going to object the because the
4 full sentence talks about the '97 Act anticipating
5 that would be the case.

6 JUDGE HILLARD: Sustained.

7 BY MR. TOWNSEND:

8 Q. The General Assembly, in 1997, in enacting
9 the '97 Act, anticipated that a marketplace for the
10 buying and selling of energy would provide more
11 efficiency, less risk, greater innovation, and the
12 lowest possible cost, correct?

13 A. Correct.

14 Q. Does ComEd believe that statement?

15 A. Yes.

16 Q. Does ComEd believe that statement for
17 residential customers, as well as, commercial and
18 industrial customers?

19 A. Yes.

20 Q. You personally have made public statements
21 on behalf of ComEd in favor of the competitive
22 market, correct?

1 **A.** Yes, I have.

2 (Whereupon, REACT Mitchell Cross

3 Exhibit No. 5 was marked for

4 identification.)

5 BY MR. TOWNSEND:

6 **Q.** I have handed you what's been marked as

7 REACT Cross-Exhibit No. 5.

8 Can you identify that document?

9 **A.** Yes.

10 **Q.** What is it?

11 **A.** It's a -- I'm hesitating a moment as to how

12 to characterize it, because it's got the CORE label

13 on it, and then referencing a Kimberly Mathisen of

14 the Star, so...

15 **Q.** Did CORE have a Web site -- or does CORE

16 have a Web site?

17 **A.** Yes.

18 **Q.** And does CORE post articles on its Web

19 site?

20 **A.** Yes, to my knowledge, it has.

21 **Q.** Is this one of those article that's is

22 posted on CORE Web site?

1 **A.** It appears to be that.

2 **Q.** And in this article are you discussing
3 competition for residential, as well as, commercial
4 and industrial customers?

5 JUDGE HILLARD: You mean, does the article?

6 MR. TOWNSEND: I'm sorry.

7 BY MR. TOWNSEND:

8 **Q.** Does the article accurately reflect your
9 statements regarding competition in the
10 residential, as well as, the commercial and
11 industrial market?

12 MR. STAHL: Could you point to us what it is you
13 would like the witness to agree to, Mr. Townsend.

14 BY MR. TOWNSEND:

15 **Q.** If you take a look at Page 2, the fourth
16 paragraph. It states that:

17 "Restructuring fosters competition,
18 giving customers choices, more
19 efficiency, innovations, and price
20 discipline. Mitchell said."

21 Is that an accurate reflection of your
22 position?

1 **A.** Yes.

2 **Q.** Do you support the development of
3 competitive market for residential consumers?

4 **A.** I do.

5 **Q.** And ComEd has recognized that a competitive
6 market encourages technological innovation,
7 correct?

8 **A.** Yes.

9 **Q.** What was the first date on which
10 residential customers had the right to choose to
11 take service from a retail electric supplier?

12 **A.** January 1, 2, 2007.

13 (Whereupon, REACT Mitchell Cross
14 Exhibit No. 6 was marked for
15 identification.)

16 BY MR. TOWNSEND:

17 **Q.** Let me hand you what is being marked as
18 REACT Cross-Exhibit 6, and draw your attention to
19 the last paragraph on that first page.

20 First, can you identify REACT
21 Cross-Exhibit No. 6.

22 MR. STAHL: Well, rather than have the

1 witness -- it's a statute. I'm not sure.

2 BY MR. TOWNSEND:

3 Q. It's a reflection of the Section 16-104 of
4 the Illinois Public Utilities Act, correct?

5 A. It appears to be that, yes.

6 Q. And there it references the fact that
7 residential customers are to have choice on or
8 before May 1, 2002, correct?

9 A. Yes.

10 Q. So, actually, residential customers have
11 had choice in the ComEd service territory since
12 May 1, 2002, correct?

13 A. In theory.

14 Q. Well, in practice, how many residential
15 customers switched suppliers in 2002?

16 A. I'm not aware of any.

17 Q. 2003?

18 A. (Shaking head side to side.)

19 JUDGE HILLARD: You have to answer out loud,
20 sir.

21 THE WITNESS: I'm sorry.

22 No.

1 BY MR. TOWNSEND:

2 Q. Did any switch in 2004?

3 A. Not to my knowledge.

4 Q. 2005?

5 A. No.

6 Q. 2006?

7 A. No.

8 Q. 2007?

9 A. 2007, through the competitive process,
10 power was procured on behalf of residential
11 customers.

12 Q. Did any residential customers switch
13 suppliers in 2007?

14 A. Not beyond ComEd being the fundamental
15 supplier.

16 Q. Just to be clear, in 2007, zero residential
17 customers took service from a retail electric
18 supplier, correct?

19 A. That is correct.

20 Q. And is that the same number for 2008 to
21 date?

22 A. Yes.

1 **Q.** So as of today, zero customers have ever
2 taken service -- strike that.

3 Zero residential customers have ever
4 taken service from a retail electric supplier in
5 Commonwealth Edison's service territory?

6 **A.** Directly from them, that's correct.

7 (Whereupon, REACT Mitchell Cross
8 Exhibit No. 7 was marked for
9 identification.)

10 BY MR. TOWNSEND:

11 **Q.** I'm handing you what's been marked as
12 Cross-Exhibit No. 7, that's ComEd's Response to
13 REACT Data Request 8.03.

14 Do you have that?

15 **A.** I do.

16 JUDGE HILLARD: It says Data Request 8.01 to
17 8.09, the one I'm looking at.

18 MR. TOWNSEND: I'm sorry.

19 If you look at the actual request
20 itself -- you're right.

21 The response itself is Response to 03.

22 JUDGE HILLARD: You're correct.

1 BY MR. TOWNSEND:

2 Q. Had you had a chance to review that,

3 Mr. Mitchell?

4 MR. STAHL: Again, while Mr. Mitchell is

5 reviewing it, I would point out for the record this

6 is a data response where we designated Mr. Mitchell

7 is the responsible witness for, but also as was the

8 case with Ms. Lusson's cross, I have no objection

9 at this point of Mr. Townsend asking Mr. Mitchell

10 what he knows about this exhibit.

11 JUDGE HILLARD: Is there a question pending?

12 BY MR. TOWNSEND:

13 Q. How many residential customers does ComEd

14 project will switch at any time during calendar

15 year 2008?

16 A. Zero.

17 Q. In 2009?

18 A. Zero.

19 Q. In 2010?

20 A. Zero.

21 Q. Are you familiar with the phrase "actions

22 speak louder than words"?

1 **A.** Yes, I am.

2 MR. TOWNSEND: No further questions.

3 JUDGE HILLIARD: Who is next here?

4 Mr. Townsend?

5 MR. TOWNSEND: I would like to move for the
6 admission into evidence of REACT Cross Exhibits 1
7 through 7.

8 JUDGE HILLARD: Objections?

9 MR. STAHL: I have no objection to Exhibit 1.

10 I have no objection to Exhibit 2.

11 I do object to Exhibit 3, the purported
12 Ledger-Sentinel article, and in particular, the
13 paragraph that Mr. Mitchell was examined about,
14 which is the second paragraph, which actually is
15 double hearsay because not only is the article
16 itself hearsay, but the references to figures from
17 the Kendall County Supervisor of Assessments, the
18 Kendall County Clerk and the Kendall County
19 Treasurer are also clearly hearsay on this record.

20 So I object to that.

21 And I also would move to strike the
22 question-and-answer related to that article on the

1 transcript; on the same grounds, that it's all
2 inadmissible hearsay.

3 I have no objection to Exhibit 4.

4 I also object to Exhibit 5, which is the
5 article by Kimberly Mathisen, which appears to have
6 been on a Web site, and also there is no need for
7 this exhibit. Mr. Mitchell was asked about one
8 sentence in the two-page document, Mr. Townsend
9 read that sentence into the record, Mr. Mitchell
10 embraced that sentence, so I think the record is
11 complete without what is otherwise a hearsay
12 exhibit.

13 And I have no objection to the Statute,
14 Exhibit 6 -- no objection to the admission of the
15 Statute, which is Exhibit 6, and no objection to
16 Exhibit 7.

17 JUDGE HILLARD: Any responses, Mr. Townsend, or
18 do you care?

19 MR. TOWNSEND: Your Honors, I believe that the
20 article is the type of information that people
21 generally rely upon for the information that's
22 contained therein.

1 I'm certainly not suggesting that the
2 Ledger-Sentinel is an expert on those issues, but
3 it is a reporting tool that people normally rely
4 upon in the ordinary course. I think it's
5 appropriate to reflect what is out there in the
6 public record with regards to the type of
7 development that's going on out in Kendall County.

8 The article from the CORE Web site,
9 likewise, is the type of information that's
10 generally relied upon.

11 And the question that was asked to
12 Mr. Mitchell was whether or not it accurately
13 reflected his views generally on the development of
14 competition. I believe that he responded that it
15 did.

16 So rather than going through and asking
17 each one of the questions as to what's in there, I
18 believe that he stated that that article accurately
19 reflects his viewpoint.

20 JUDGE HILLARD: Okay. The objection to
21 Cross-Exhibit 3 will be sustained.

22 The objection to CORE Cross, REACT

1 Cross-Exhibit 5 will be overruled.

2 So that all the exhibits, 1, 2, 4, 5, 6
3 and 7 will be admitted.

4 MR. STAHL: May I ask, your Honor, for
5 clarification, does that include my motion to
6 strike with respect to Q and A on Exhibit 3?

7 JUDGE HILLARD: Yes.

8 MR. STAHL: Thank you.

9 MR. TOWNSEND: If I may, your Honor, if the
10 objection had been made at the time of the
11 cross-examination, I would have had additional
12 questions with regards to those areas.

13 JUDGE HILLARD: You want to ask those questions
14 now?

15 MR. TOWNSEND: Thank you.

16 MR. STAHL: I will withdraw my motion to strike.

17 JUDGE HILLARD: All right.

18 Does that satisfy you, Mr. Townsend?

19 So the question and answer are now part
20 of the record.

21 MR. TOWNSEND: Yes. That's fine.

22 Thank you, your Honor.

1 JUDGE HILLARD: All right.

2 (Whereupon, REACT Cross Exhibit

3 Nos. 1, 2, 4, 5, 6 and 7 were

4 admitted into evidence.)

5 CROSS EXAMINATION

6 BY

7 MR. MUNSON:

8 Q. Good morning, Mr. Mitchell.

9 Mike Munson on behalf of the Building

10 Owners and Manager's Association of Chicago.

11 A. Good morning.

12 Q. Referring to your direct testimony, Page 6,

13 Lines 122 to 124?

14 A. Yes.

15 Q. To be clear Exelon Corporation owns 100

16 percent of ComEd, correct?

17 A. Close to 100 percent.

18 Q. So by the term "equity shareholders," you

19 mean Exelon Corporation, correct?

20 A. Correct.

21 Q. So ComEd does not pay a dividend to Exelon

22 since 2005, correct?

1 **A.** Correct.

2 **Q.** You agree that it's not the Commission's
3 responsibility to ensure that ComEd pays a dividend
4 to Exelon?

5 **A.** I believe that the correct characterization
6 is to fully recover our prudently incurred costs.

7 Normally, as an investor-owned utility,
8 we would have to pay a dividend to somebody.

9 **Q.** Let me ask the question again.

10 Do you agree or disagree that it's
11 Commission's responsibility to ensure that ComEd
12 pays a dividend to Exelon?

13 **A.** I'll have to answer essentially the same;
14 in that we have costs that we prudently incur; a
15 portion of those costs represent a return on
16 equity; and as an investor-owned utility, whether
17 there are 1 or 100,000, the normal expectation
18 would be that we be paid a dividend.

19 **Q.** Okay. Can you point me to the basis for
20 the Commission's responsibility to ensure that
21 ComEd pays a dividend to Exelon?

22 **A.** I didn't say that the Commission had a

1 responsibility for ComEd to pay a dividend to
2 Exelon. It's part and partial of our overall cost
3 of doing business and the cost of the equity
4 capital reflected by our return on equity.

5 And, once again, as an investor-owned
6 utility that would be the normal expectation.

7 Q. If ComEd pays a dividend to Exelon, Exelon
8 is benefiting from ComEd's performance, correct?

9 A. Absolutely.

10 Q. Referring to the next line, I believe
11 it's -- well, line 124.

12 You use the term "further equity
13 investments."

14 When did Exelon become owner of ComEd?

15 A. Exelon was created by the merger of ComEd's
16 parent, Unicom with PECO Energy of Philadelphia in
17 October of 2000.

18 Q. So since October of 2000, what further
19 equity investments has Exelon made in ComEd?

20 A. It's made an equity investment subject to
21 consideration in the last case with respect to the
22 pension contribution. As I recall, about \$800

1 million.

2 **Q.** You agree that it's not the Commission's
3 responsibility to ensure that Exelon makes further
4 equity investments in ComEd?

5 **A.** I'm sorry. I don't understand the
6 question.

7 **Q.** Is it the Commission's responsibility to
8 ensure that Exelon makes further equity investments
9 in ComEd?

10 **A.** The context is one that I don't follow.
11 It's their responsibility to consider our request
12 for rate increases based upon our ability to
13 recover our prudently incurred costs.

14 **Q.** Following up on some questions from
15 Mr. Townsend, you agree that at least a portion of
16 your compensation is based upon the performance of
17 Exelon stock?

18 **A.** No, I don't agree.

19 **Q.** So none of your compensation is based on
20 the performance of Exelon stock?

21 **A.** Not currently.

22 **Q.** Do you agree that ComEd employees benefit

1 based on a performance of Exelon stock?

2 **A.** That's a broad generalization. I guess it

3 would depend upon whether they owned any Exelon

4 stock.

5 **Q.** Referring to Page 12?

6 JUDGE HILLARD: Of what.

7 MR. MUNSON: The direct testimony, Lines 266 to

8 268 just generally.

9 BY MR. MUNSON:

10 **Q.** ComEd is a member of PJM , correct?

11 **A.** Correct.

12 **Q.** I'm sorry?

13 **A.** I said correct.

14 **Q.** And as a member of PJM, you must comply

15 with the rules of PJM; is that correct?

16 **A.** That's correct.

17 **Q.** And you would agree that in order to

18 participate in PJM markets, customers need to

19 comply with PJM rules and criteria established for

20 those markets?

21 **A.** Yes.

22 MR. MUNSON: No further questions.

1 MR. ROBERTSON: I think IC was next. I think
2 the field has been pretty well plowed here, so we
3 have no questions.

4 JUDGE HILLIARD: Thank you.

5 MR. STAHL: If that concludes the
6 cross-examination, I just have one or two questions
7 on redirect. I think we can do those right now.

8 JUDGE HILLARD: Okay.

9 REDIRECT EXAMINATION

10 BY

11 MR. STAHL:

12 Q. Mr. Mitchell, one of your responsibilities
13 as the ComEd witness here was to introduce other
14 witnesses who were providing testimony on behalf of
15 ComEd in this case; is that correct?

16 A. That's correct.

17 Q. And Mr. Townsend asked you a number of
18 questions about allocation of costs and fair
19 allocation of costs and the existence of
20 cross-subsidies.

21 Do you recall that?

22 A. I do.

1 **Q.** Do you know who among the ComEd witnesses
2 is best suited to respond in detail to those
3 particular questions or questions of that general
4 nature?

5 **A.** I believe that would be a combination of
6 Mr. Crumrine and the panel testimony of Mr. Alongi
7 and Dr. Jones.

8 **Q.** And Mr. Townsend also brought to your
9 attention this wonderfully, rhetorical question
10 that Mr. Bodmer asks in his testimony, "What did
11 the over-10 megawatt customers do to deserve such a
12 disproportionate massive increase."

13 Do you recall that?

14 **A.** I do.

15 **Q.** Do you know which of the ComEd witnesses is
16 best to tell the Commission and the judges here
17 what those over-10 megawatt customers did to
18 deserve the rate increase that they're being
19 requested to bear here?

20 **A.** I believe --

21 MR. TOWNSEND: ComEd's witnesses had an
22 opportunity to respond to that question.

1 Stoller please.

2 (Witness sworn.)

3 HOWARD L. STOLLER,

4 called as a witness herein, having been first duly
5 sworn, was examined and testified as follows:

6 DIRECT EXAMINATION

7 BY

8 MR. JAVAHERIAN:

9 Q. Would you please state your name for the
10 record.

11 A. Harold Stoller.

12 Q. By whom are you employed and what capacity?

13 A. I'm director of the Energy Division and of
14 staff of the Illinois Commerce Commerce.

15 Q. I have here before me two documents marked
16 as ICC Staff Exhibit 13.0 and ICC Staff
17 Exhibit 21.0 labeled, The Supplemental Testimony of
18 Harold L. Stoller and Rebuttal Testimony of Harold
19 L. Stoller.

20 Do you recognize these two documents?

21 A. Yes.

22 Q. Did you prepare or have prepared at your

1 direction the questions and answers provided in
2 these two documents?

3 **A.** Yes.

4 **Q.** And if these questions were asked of you
5 today, would the answer be the same as when you
6 prepared these documents?

7 **A.** Yes.

8 MR. JAVAHERIAN: Your Honors, I would then move
9 for the admittance of ICC Staff Exhibit 13.0 and
10 21.0, the Supplemental Testimony of Harold L.
11 Stoller and the Rebuttal Testimony of Harold L.
12 Stoller that were filed on the Commission's
13 E-Docket System on February 26, 2008 and April 8,
14 2008 respectively.

15 And I would tender the witness for
16 examination.

17 JUDGE HAYNES: Any objection?

18 (No response.)

19 JUDGE HAYNES: Hearing none, Staff Exhibits 13
20 and 21 are admitted.

21

22

1 (Whereupon, Staff Exhibit Nos. 13
2 and 21 was admitted into
3 evidence.)

4 JUDGE HILLIARD: Proceed with your cross,
5 Counsel.

6 MR. RIPPPIE: As is traditionally the case, as
7 the party with the burden of proof, I prefer to go
8 last.

9 JUDGE HILLARD: Okay.
10 Is there somebody else that would like
11 to go first?

12 CROSS-EXAMINATION

13 BY

14 MS. LUSSON:

15 Q. Good morning, Mr. Stoller.

16 A. Good morning.

17 Q. I just have a few brief questions.

18 As I understand your testimony, you're
19 in favor of a collaborative process in which
20 decisions about so-called Smart Grid Investment can
21 take place outside of this rate case; is that
22 correct?

1 **A.** Well, at least whether discussions about
2 them can take place and maybe decisions, too, if
3 the parties all agree on them.

4 I think the Commission's got to make the
5 decisions itself eventually.

6 **Q.** As I understand your testimony, you believe
7 it would be appropriate in such a forum to examine
8 whether the definition of what constitutes basic
9 electric delivery service needs to be refined or
10 expanded; is that correct?

11 **A.** I think that's a good thing to look at.

12 **Q.** Would you agree then that if such a
13 collaborative process did take place, that one of
14 the critical issues in that proceeding is to
15 determine how any Smart Grid Investment costs are
16 recovered in rates?

17 **A.** I think that would be a good thing to look
18 at also.

19 **Q.** Given the Company's admission that Rider
20 SMP investments are not necessary for the provision
21 of basic reliable electric service, would you agree
22 that without a change in the definition of what

1 constitutes basic delivery service, that basic
2 delivery service customers should not be asked to
3 pay for SMP investments at this time?

4 **A.** I don't see how you can tell a customer,
5 "You don't need this and it's not important to the
6 quality of service you're getting, but you have to
7 pay anyway."

8 MS. LUSSON: That's all the questions I have.

9 Thank you, Mr. Stoller.

10 JUDGE HILLARD: CTA have questions for this
11 witness?

12 MR. BALOUGH: No, your Honor.

13 JUDGE HILLARD: According to our schedule, ComEd
14 is the only party who has also reserved time for
15 this witness.

16 MR. RIPPIE: I thought BOMA had, as well, but
17 that may be my mistake.

18 MR. JAVAHERIAN: That was changed this morning,
19 I believe.

20 MR. RIPPIE: I have not entered an appearance
21 yet.

22 Good morning, your Honors. My name is

1 Glenn Rippie, two N's, r-i, double p, as in peter,
2 i-e, of the law firm of Foley and Lardner, LLP,
3 321 North Clark Street, Chicago, Illinois 60610.

4 CROSS-EXAMINATION

5 BY

6 MR. RIPPIE:

7 Q. Mr. Stoller, I'm going to ask you if you
8 could for a moment put aside the question of cost
9 recovery and rate designed and just focus on the
10 technologies.

11 Does Staff support and understand the
12 need for system modernization by electric
13 utilities?

14 A. Yes.

15 Q. And would you agree that new technologies
16 are being applied in every other sector of our
17 economy to the benefit of both consumers and
18 companies by lowering costs and providing new
19 products and choices?

20 A. That's probably happening.

21 Q. Are you aware of it happening in the
22 electric utility industry?

1 **A.** Well, I know that there is new technology
2 being used all the time. I haven't seen costs go
3 down, but I know that new technology is being used
4 all over.

5 **Q.** And without focusing on particular
6 quotations from your testimony, there's no doubt in
7 your mind that that technology can accomplish
8 things such as improving efficiency and improving
9 reliability if properly deployed, right?

10 **A.** Yes.

11 **Q.** And that sort of deployment of technology
12 would benefit customers if it's able to improve
13 efficiency, improve reliability or reduce costs.

14 Do you agree?

15 **A.** I believe so.

16 **Q.** Now, the Commission, in the Peoples and
17 North Shore Gas, order stated that to ensure
18 continued reliability, we lean towards increase
19 system modernization rather than less, all other
20 things being equal.

21 Does Staff agree that this sentiment
22 applies to electric utilities? It's not something

1 that's special just for gas utilities?

2 **A.** I think so.

3 Let's put it this way: I believe the
4 Staff does, I know I do.

5 **Q.** And would you finally agree that in
6 particular modernization through the implementation
7 of AMI projects and other Smart Grid projects,
8 utilities can provide improved customer service,
9 improved reliability, and expanded service
10 offerings?

11 **A.** I believe they could.

12 **Q.** If properly implemented?

13 **A.** I believe they could.

14 **Q.** Now, is it fair to summarize the
15 conclusions of your testimony conserving procedures
16 as that you don't object at all to efforts to
17 provide better quality service, but rather, as you
18 say on Page 5, Line 90 of your Direct, you believe
19 that a rate case is simply too restrictive of a
20 forum to consider those questions?

21 **A.** I'm not entirely sure it's too restrictive
22 in every circumstance, but I do believe with

1 respect to what is being proposed in this
2 particular case with SMP, it is.

3 **Q.** Fair enough.

4 Are you familiar with the process
5 proposed by Constellation Witness David Fein in his
6 both Direct and Rebuttal Testimony for a type of
7 workshop process that would occur in addition to
8 this case?

9 **A.** Generally, yes.

10 **Q.** Are you familiar with the proposals that
11 ComEd has made in the surrebuttal testimony of
12 Mr. Crumrine about how such a program might be
13 implemented?

14 **A.** I'm familiar generally with the proposals.

15 **Q.** What is your reaction to the Constellation
16 Proposal as Mr. Crumrine would offer to implement
17 it?

18 **A.** Well, let me say first that I think it is a
19 proposal which heads in the right direction.

20 I think it has some -- a questionable
21 premise, and there are two questions at least in
22 that regard.

1 One is that the Commission make a
2 decision in this case without sufficient knowledge
3 of exactly what and how Rider SMP will work,
4 because I don't believe you can know that based on
5 the information in this case, and I also believe
6 that because of the volume of information, which is
7 out there that I have referred to, by referencing
8 the number of pages witnesses have devoted to just
9 talking about the information, that to start a
10 process with a time limit placed on it beforehand
11 is just to ask for trouble.

12 If you don't know where you're going,
13 it's pretty hard to get there if you don't give
14 yourself sufficient time.

15 And my concern is that there is not
16 adequate information available in this record to
17 justify saying that the process will only be
18 permitted to run for a particular amount of time.

19 If I recall correctly, Mr. Crumrine said
20 six months.

21 **Q.** With the exception of the time limits that
22 you just discussed, do you believe that the

1 proposal that Mr. Fein offers and Mr. Crumrine
2 elaborates upon would be an acceptable structure
3 for the consideration of the questions that you
4 outline? Again, putting aside the question of the
5 timeline.

6 **A.** Well, I don't want, by answering your
7 question, to say I agree with the details of what
8 they had suggested.

9 What I believe is that the Commission
10 needs to initiate a really broad and very detailed
11 process to decide what Smart Grid and AMI
12 technology is out there, for not just ComEd, but
13 the other major electric utilities in Illinois, and
14 when that has occurred to then decide for itself
15 exactly what it is prepared to approve and how, if
16 it is going to use any process other than the
17 traditional ratemaking process, what process it
18 ought to use for cost recovery for those projects.

19 **Q.** It is Staff's position, though, is it not,
20 that assuming such a proceeding took place, and the
21 Commission after full investigation found that
22 investment in a modernization project was

1 appropriate, that the utility through some
2 mechanism ought to be entitled to recover its
3 prudent costs of adopting that technology?

4 **A.** If the Commission decides that the
5 investments are appropriate and they are prudent,
6 yes, the utility ought to be permitted to recover
7 the costs of those investments.

8 **Q.** Just a couple more questions, Mr. Stoller.

9 You're aware, are you not, of examples
10 where electric utilities currently offer services
11 to customers under tariffs that go beyond the
12 minimums required by law, right?

13 **A.** I'm not entirely sure I am. If you could
14 give me a description, I could try to discuss it
15 with you, but I'm not sure utilities do offer
16 services they are not required in some form or
17 another to offer.

18 **Q.** Let me toss some examples out for you and,
19 perhaps, it will at least illuminate the
20 discussion.

21 How about electronic or Web-Based
22 billing, utilities offer that, right?

1 **A.** I believe they do.

2 **Q.** There is no requirement in the law for that

3 to be offered, is there?

4 **A.** I don't believe the Public Utilities Act

5 talks about that.

6 **Q.** And utilities implement Voice-Based

7 Customer Notification of both planned and unplanned

8 outages and predicted times of restoration, right?

9 **A.** I believe they do.

10 **Q.** And they offer Energy Efficiency and Demand

11 Response Programs that go beyond the requirements

12 of the new statute, do they not?

13 **A.** I'll have to take your word for that. I

14 can't say for sure that they go beyond the law.

15 **Q.** Will you accept that prior to the passage

16 of the law, they offered Demand Response and Energy

17 Efficiency Programs that weren't required for

18 years?

19 **A.** Yes. I know ComEd, for example, had

20 significant -- now the word escapes me --

21 interruptible programs that I don't believe the law

22 required.

1 **Q.** And in every case, either through the
2 approval of a bill format or the approval of an
3 implementing tariff, those programs were reviewed
4 and approved by the Commission, right?

5 **A.** I believe that's always the case with any
6 utility tariff.

7 MR. RIPPPIE: Thank you very much, Mr. Stoller.

8 That's all I have.

9 JUDGE HILLARD: Any further cross of this
10 witness?

11 (No response.)

12 JUDGE HILLIARD: Any redirect?

13 MR. JAVAHERIAN: No, your Honors.

14 JUDGE HILLARD: Thank you, Mr. Stoller.

15 MR. JAVAHERIAN: Staff would like to call
16 Mr. Schlaf.

17 (Witness sworn.)

18

19

20

21

22

1 ERIC P. SCHLAF,
2 called as a witness herein, having been first duly
3 sworn, was examined and testified as follows:

4 DIRECT EXAMINATION

5 BY

6 MR. JAVAHERIAN:

7 **Q.** Dr. Schlaf, could you please state your
8 name for the record.

9 **A.** Eric P. Schlaf.

10 **Q.** By whom are you employed and in what
11 capacity?

12 **A.** I'm an economist in the Energy Division of
13 the Illinois Commerce Commerce.

14 **Q.** I have before me two documents with one
15 attachment labeled ICC Staff Exhibit 9.0, ICC Staff
16 Exhibit 20.0 and Exhibit 20.1 labeled, The
17 Supplemental Direct Testimony of Eric Schlaf, and
18 the rebuttal testimony of Eric Schlaf.

19 Do you see those documents?

20 **A.** Yes, I do.

21 **Q.** And did you prepare or have at your
22 direction prepare those documents with the

1 questions and answers?

2 **A.** Yes, I did.

3 Q. And if asked those questions today, would
4 your answers be the same as they were when those
5 documents were prepared?

6 **A.** Yes, they would.

7 Q. Do you have any corrections to make to any
8 of those documents?

9 **A.** I do not.

10 MR. JAVAHERIAN: Staff would then move for the
11 admittance of ICC Staff Exhibit 9.0, 20.0 and 20.1
12 the Supplemental Direct and Rebuttal Testimony of
13 Eric Schlaf?

14 JUDGE HILLARD: Objections?

15 (No response.)

16 JUDGE HILLARD: Exhibit 9.0, 20.0 and 20.1 will
17 be admitted.

18 (Whereupon, Staff Exhibit
19 Nos. 9.0, 20.0 and 20.1 were
20 admitted into evidence.)

21 MR. JAVAHERIAN: And we tender the witness for
22 cross-examination.

1 JUDGE HILLARD: Who wants to go first here?

2 Attorney general?

3 MS. LUSSON: AG has no cross for Mr. Schlaf.

4 JUDGE HILLARD: CTA?

5 MR. BALOUGH: CTA waives cross of this witness.

6 JUDGE HILLARD: Does ComEd have any cross for

7 the witness.

8 MR. HOUSE: Yes, your Honor.

9 JUDGE HILLARD: Good morning.

10 MR. HOUSE: Good morning, Dr. Schlaf?

11 THE WITNESS: Good morning.

12 MR. HOUSE: Your Honor, first, I should enter my

13 appearance. I'm Emmitt House for the law firm

14 Gonzales, Saggio and Harlan, 35 East Wacker Drive,

15 Suite 500, Chicago, Illinois 60601.

16 CROSS-EXAMINATION

17 BY

18 MR. HOUSE:

19 Q. Dr. Schlaf, I would like to visit with you

20 just on one area of your testimony.

21 In your Supplemental Direct Testimony,

22 you discussed both demand response and operational

1 benefits that you saw as a result of AMI?

2 A. Yes, I did.

3 Q. All right. Would you just turn to your
4 Exhibit 9.0, which is your Supplemental Direct
5 Testimony, Lines 272 through 276. Okay?

6 A. Okay.

7 Q. You discussed the elimination of manual
8 meter reading as one benefit of AMI. Then you go
9 on to say that there are also a significant amount
10 of operational benefits that probably only can be
11 captured through AMI?

12 A. Yes.

13 Q. Could you identify and describe what some
14 of those benefits might be.

15 A. What I was stating here was that I was
16 comparing AMR, Automatic Meter Reading, with AMI.

17 AMR is somewhat limited. Its value is
18 limited to, generally speaking, to meter reading.
19 And I'm trying to recall other operational
20 benefits. I know there are some.

21 I believe I have a reference to an
22 exhibit which was not attached, but I don't have

1 them in my mind what they would be. I could refer
2 to a list, but I don't have them in my mind.
3 There are additional benefits, but I can't recall
4 what they would be.

5 Q. That's fine, Dr. Schlaf.

6 Thank you?

7 MR. HOUSE: Nothing else, your Honor.

8 JUDGE HILLARD: Any redirect?

9 MR. JAVAHERIAN: No redirect, your Honor.

10 JUDGE HILLARD: Thank you. You're excused.

11 MS. O'BRIEN: The next witness on the schedule
12 is Sally Clair. There is fairly extensive cross
13 for her.

14 Mr. George, though, is in the room, and
15 he's also from out of town, so he has quite a bit
16 of ways to travel home.

17 The Attorney General and BOMA are the
18 two with cross time for Mr. George, and they're
19 both willing to go ahead now, if that's acceptable
20 to you.

21 JUDGE HILLARD: Is that okay? That's fine.

22 (Change of reporters.)

1 JUDGE HILLIARD: Please proceed with the next
2 witness, please.

3 MR. HOUSE: Dr. George, would you state your
4 name and address for the record, please.

5 THE WITNESS: Stephen George, Stephen with a p-h
6 from Freeman Sullivan & Company, 101 Montgomery
7 Street, San Francisco, California 94104.

8 MR. HOUSE: And are you the same Stephen George
9 who has submitted supplemental -- I'm sorry,
10 rebuttal testimony and surrebuttal testimony marked
11 as Exhibits 31 and 44 in this proceeding?

12 JUDGE HILLIARD: Excuse me. My fellow juris
13 chair reminds me we didn't swear you in. Could you
14 raise your hand to be sworn in.

15 (Witness sworn.)

16 JUDGE HILLIARD: You can answer the question, if
17 you recall.

18 THE WITNESS: Yes, those are -- that is my
19 rebuttal and surrebuttal testimony.

20

21

22

1 STEPHEN GEORGE,
2 called as a witness herein, having been first duly
3 sworn, was examined and testified as follows:
4 DIRECT EXAMINATION
5 BY
6 MR. HOUSE:
7 **Q.** Dr. George, if I ask you the same questions
8 this morning that are contained in that rebuttal
9 and surrebuttal testimony, would your answers be
10 the same?
11 **A.** Yes.
12 MR. HOUSE: Your Honor, I'd like to move that
13 ComEd Exhibits 31 and 44 be admitted into the
14 record.
15 JUDGE HILLIARD: Any objections?
16 (No response.)
17 JUDGE HAYNES: Are they filed on e-Docket?
18 MR. HOUSE: Yes, they are.
19 JUDGE HILLIARD: There being no objections,
20 Exhibits 31 and 44 about will be admitted into the
21 record.
22

1

2

(Whereupon, ComEd

3

Exhibit Nos. 31 and 44 were

4

admitted into evidence as

5

of this date.)

6

MR. HOUSE: Your Honor, the witness is

7

available.

8

JUDGE HILLIARD: Would the Attorney General like

9

to proceed?

10

MS. LUSSON: Yes, thank you.

11

CROSS-EXAMINATION

12

BY

13

MS. LUSSON:

14

Q. Good morning, Mr. George.

15

A. Good morning.

16

Q. Is it correct that you have not surveyed

17

any of ComEd's residential customer base for

18

purposes of any of your conclusions in your

19

rebuttal and surrebuttal testimony?

20

A. That's correct.

21

Q. Have you surveyed any of ComEd's ARES

22

customers for purposes of -- I'm sorry, have you

1 surveyed any of the ARES, that is alternative
2 retail electric suppliers that interface with
3 Commonwealth Edison in this state in terms of the
4 customers that choose alternative retail electric
5 suppliers for purposes of your testimony in this
6 docket?

7 **A.** No.

8 MS. LUSSON: That's all the questions I have.

9 JUDGE HILLIARD: Proceed, Counsel.

10 CROSS-EXAMINATION

11 BY

12 MR. MUNSON:

13 **Q.** Good morning, Mike Munson on behalf of BOMA
14 Chicago.

15 **A.** Good morning.

16 **Q.** Referring to your Exhibit 31, Page 22
17 beginning with the question 450, that's generally
18 what I'm referring to.

19 Do you know what demand response markets
20 the 1,000 megawatts of customers participated in in
21 PJM?

22 **A.** I'm sorry, would you repeat the question?

1 **Q.** Do you know which market those customers
2 participated in? Let me try it this way: You say
3 that there's -- ComEd has 1,000 megawatts in their
4 demand response portfolio; correct?

5 **A.** That's correct.

6 **Q.** Okay. Which market do they participate in
7 at 1,000 megawatts? Do you know?

8 **A.** No, I didn't look closely at those
9 programs.

10 **Q.** Are you aware of any PJM's demand response
11 program portfolio?

12 **A.** Only vaguely.

13 **Q.** Are you aware of whether any of the 1,000
14 megawatts you cite participate in the energy
15 ancillary services markets?

16 **A.** I'm not aware of that.

17 **Q.** You would agree that demand response is a
18 competitive service?

19 **A.** I would agree demand response is something
20 that's offered by utilities throughout the country
21 whether in restructured or regulated markets.

22 **Q.** Okay. So only utilities can provide demand

1 response services; is that your testimony?

2 A. No.

3 Q. So other entities can provide demand
4 response services?

5 A. Yes.

6 Q. So retail electric suppliers, for example,
7 can provide demand response services?

8 A. Yes. In the markets where they compete.

9 Q. Okay. In competitive markets?

10 A. The rules in each market vary, so it's hard
11 to answer generally.

12 Q. Well, in your study -- your market that you
13 are most familiar with is California; is that
14 correct?

15 A. I'm familiar with several markets; but,
16 yes, I am familiar with California.

17 Q. And California has a different generation
18 portfolio than in Illinois; is that correct?

19 A. I'm sure that's true.

20 Q. And there's a -- it's a different
21 deregulated market than Illinois; is that correct?

22 A. Yes.

1 **Q.** And California has a different transmission
2 organization from ComEd; is that correct?

3 **A.** Yes.

4 **Q.** Line 463 you use a term "additional
5 benefits." Could that mean participation in energy
6 emergency capacity and ancillary services markets?

7 **A.** I think the purpose of my -- this entire
8 paragraph is to indicate that I did not study the
9 C&I sector. So I -- you know, I'm not here to
10 represent or to claim that I'm an expert on the C&I
11 sector in Illinois.

12 Having said that, if you would repeat
13 your question, I'll do my best to answer it.

14 **Q.** Could the term "additional benefits," as
15 you've provided there on Line 463 mean the ability
16 of C&I customers to make discerning energy
17 efficiency investments?

18 **A.** The purpose of that last sentence starting
19 on Line 462 to 463 was simply to say that in my
20 analysis, I have not included the C&I sector as
21 part of the analysis but that's -- what I was
22 trying to say in this sentence was simply to say

1 that there could be benefits that could be derived
2 from this sector with further study or further
3 offerings by providers.

4 MR. MUNSON: No further questions.

5 JUDGE HILLIARD: Any redirect?

6 MR. HOUSE: No, your Honor, but Dr. George's
7 testimony did have two exhibits that I forgot to
8 mention and offer for entry into the record. Those
9 would be exhibits -- his rebuttal testimony
10 Exhibits 31.01 and 31.02. I'd like to move for
11 those to be entered into the record.

12 JUDGE HILLIARD: Any objections?

13 (No response.)

14 JUDGE HILLIARD: Any cross on those exhibits?

15 (No response.)

16 JUDGE HILLIARD: Then Exhibit 31.01 and 31.02
17 will be admitted into the record.

18 (Whereupon, ComEd

19 Exhibit Nos. 31.02 and 31.20 were
20 admitted into evidence as
21 of this date.)

22 JUDGE HILLIARD: Did you offer -- you did offer

1 31 and 44 and they were admitted; right?

2 MR. HOUSE: Yes, I did, your Honor.

3 JUDGE HILLIARD: If there's nothing further,

4 Mr. George is excused.

5 MR. RIPPPIE: If we might take 5 minutes in light

6 of the cross that was much shorter than predicted,

7 Miss Clair is walking over from the downtown office

8 as we speak.

9 JUDGE HILLIARD: All right. She's going to go

10 for 3 hours 50 minutes --

11 MR. RIPPPIE: She is a long witness.

12 JUDGE HILLIARD: -- according to the schedule,

13 maybe it's time to break for lunch. What do you

14 think? 35 minutes. We'll meet back here at 12:10.

15 (Whereupon, a luncheon

16 recess was taken to resume

17 at 12:10 p.m.)

18 JUDGE HILLIARD: Miss Lusson, are you ready to

19 get rolling?

20 MS. LUSSON: Sure.

21 JUDGE HILLIARD: Any time you are ready.

22 MR. RIPPPIE: Your Honor, the Company's next

1 witness is Miss Sally Clair.

2

3 (Witness sworn.)

4 SALLY CLAIR,

5 called as a witness herein, having been first duly

6 sworn, was examined and testified as follows:

7 DIRECT EXAMINATION

8 BY

9 MR. RIPPIE:

10 Q. Miss Clair, I have placed before you copies
11 of four documents, ComEd Exhibit 6.0, which is
12 labeled your direct testimony and ComEd
13 Exhibit 16.0 corrected, which is label your
14 supplemental direct testimony; ComEd Exhibit 23.0
15 corrected, which is labeled your rebuttal
16 testimony; and ComEd Exhibit 38.0 including an
17 attached Exhibit 38.1, which is labeled your
18 surrebuttal testimony.

19 Can you please exam for me and confirm
20 that those are, in fact, the testimonies that have
21 been prepared by you or under your direct and
22 control for submission to the Commission in this

1 case?

2 A. Yes, they are.

3 Q. Are there any additions or corrections that
4 you need to make to those documents at this time?

5 A. There is one correction I need to make.

6 Q. What is that?

7 A. It is in the corrected Supplemental Direct
8 ComEd Exhibit 16.0 on Page 11 and 12. The answer
9 begins, There are a number of benefits and
10 efficiencies, approximately 675 full-time meter
11 readers. It should say, Approximately 675
12 positions including and then the rest of the
13 sentence would exist.

14 MR. RIPPIE: We will, your Honors, file a
15 corrected version on e-Docket prior to the
16 conclusion of the case and it will reflect that
17 correction.

18 JUDGE HILLIARD: All right. What was the number
19 of the first exhibit?

20 MR. RIPPIE: 6.

21 JUDGE HILLIARD: Okay.

22 JUDGE HAYNES: And that wasn't correct?

1 MR. RIPPKE: 6 is not correct. That is correct,
2 6 is not correct.

3 JUDGE HAYNES: But then it's the corrected
4 supplemental, which is 16?

5 MR. RIPPKE: Which is 16. The corrected
6 rebuttal, which is 23 and the surrebuttal which is
7 38.

8 JUDGE HILLIARD: And 38.1?

9 MR. RIPPKE: 38.1.

10 JUDGE HAYNES: And it's actually going to be
11 corrected surrebuttal?

12 MR. RIPPKE: There will be a -- no, your Honors,
13 that correction was in the supplemental direct. It
14 will be, I suppose, a second corrected supplemental
15 direct.

16 JUDGE HILLIARD: Okay. Any objections?

17 (No response.)

18 JUDGE HILLIARD: Hearing no objections, Exhibits
19 6, 16.0, 23.0, 38.0 and 38.1 will be admitted.

20 (Whereupon, ComEd

21 Exhibit Nos. 6, 16.0, 23.0,

22 38.0 and 38.1 were

1 admitted into evidence as

2 of this date.)

3 MR. RIPPKE: The witness is available for cross.

4 JUDGE HILLIARD: You can submit the other one.

5 Please remind me to admit the revised version of
6 the testimony.

7 JUDGE HAYNES: Let's just -- right now we'll
8 admit late-filed second corrected supplemental
9 direct.

10 JUDGE HILLIARD: Subject to any objection if
11 it's not consistent with the testimony.

12 Proceed, Counsel.

13 MS. LUSSEN: Thank you, your Honor.

14 CROSS-EXAMINATION

15 BY

16 MS. LUSSEN:

17 Q. Good afternoon, Miss Clair. My name is
18 Karen Lussen, I'm from the Attorney General's
19 Office.

20 If you could turn to page two of your
21 direct testimony you describe your work experience
22 with various Exelon companies. I believe you

1 indicated you worked for PECO and PECO -- could you
2 explain for the record what PECO, P-E-C-O stands
3 for?

4 **A.** PECO stands for Philadelphia Electric
5 Company. I actually worked for Exelon Energy
6 Delivery.

7 **Q.** Okay.

8 JUDGE HILLIARD: Ma'am, could you put the
9 microphone a little closer to your face there.

10 BY MS. LUSSON:

11 **Q.** But in your position for working for Exelon
12 Energy Delivery, you did do work for PECO; is that
13 correct?

14 **A.** I did.

15 **Q.** Now, do you know, is -- has PECO installed
16 and used automated meter reading technology for
17 several years?

18 **A.** Yes, they have.

19 **Q.** Is it correct, if you know, that PECO began
20 deploying it's AMR, automated meter reading
21 technology system back in 1999 and completed that
22 deployment in 2004?

1 **A.** They started in 1999. I am not sure when
2 the last meter was installed.

3 **Q.** It is -- it has been completed, though?

4 **A.** Yes, it has.

5 **Q.** Now, looking on mine, I did not see any
6 specific PECO tariffs that were any -- in any way
7 similar to rider SMP or related to any surcharge
8 for AMR cost recovery. Do you know if there is
9 such a rider or does PECO recovery its AMR costs
10 through base rates?

11 **A.** I'm not familiar with PECO's tariff
12 structure.

13 **Q.** Turning to your rebuttal testimony to
14 Page 23, Line 103 --

15 MR. RIPPKE: I'm sorry, on what line?

16 MS. LUSSON: Page 5, Line 103, Exhibit 23.

17 BY MS. LUSSON:

18 **Q.** You state, There's nothing so inherently
19 complex about AMI that a rate case procedure is
20 incapable of addressing it.

21 Are there risks associated with the
22 selection of one type of AMI technology or

1 combination of capabilities versus other types of
2 AMI switches?

3 **A.** Can you let me know by what you mean by
4 "risk"?

5 **Q.** Is there risks of, for example, choosing an
6 infrastructure or a switch that might become
7 obsolete sooner than ComEd would hope? In other
8 words, is there some uncertainty associated with
9 and analysis involved in selecting an AMI switch
10 that performs all of the capabilities that the
11 Company would like and is also future proof, so to
12 speak?

13 **A.** I think with any technology selection
14 there's a risk of obsolescence. The RFI that we
15 did for the AMI solution had specific requirements
16 to be resistant to obsolescence and guarded against
17 that; but I don't -- I'm not sure you can future
18 proof anything from obsolescence.

19 I'm sorry, our request for information
20 which was a proposal submitted to eight vendors to
21 bid on an automated meter reading infrastructure
22 solution.

1 JUDGE HILLIARD: That's what you meant by RFI?

2 THE WITNESS: Yeah.

3 BY MS. LUSSON:

4 Q. Would you agree that there are
5 uncertainties in any vendor selection process
6 especially what would be called an emerging
7 technology?

8 A. I think that there are risks with any
9 vendor selection process, yes.

10 Q. At the bottom of Page 7 you note that AMI
11 vendor costs could range from 600 million to over a
12 billion dollars. Would you agree that decisions
13 required by ComEd that impact costs by potentially
14 more than 400 million on a single project tend to
15 indicate some degree or considerable complexity if
16 involved with that project?

17 A. Not necessarily.

18 Q. So the dollar amount doesn't necessarily
19 translate into complexity in your opinion?

20 A. No, I don't necessarily think so.

21 Q. To the extent that ratepayers would be
22 providing a return of and on the AMI investment

1 before plant is -- AMI plant is included in rate
2 base, in a determination that the plant is used and
3 useful under your Rider SMP proposal, would you
4 agree that the risk of investing in AMI with the
5 rider is at least somewhat reduced for the Company?

6 **A.** Could you repeat that?

7 **Q.** To the extent that ratepayers would be
8 providing a return of and on the AMI investment
9 before the plant is actually included in rate base
10 and a determination is made that the plant is used
11 and useful by the Commission, would you agree that
12 the risk of investing in AMI is somewhat reduced
13 through Rider SMP?

14 **A.** Reduced for?

15 **Q.** For purposes of ensuring cost recovery in
16 the future from the Commission.

17 **A.** I don't necessarily think so.

18 **Q.** Do you understand what I mean in terms of
19 prudence and used and usefulness?

20 **A.** Yes, I do.

21 **Q.** At the top of Page 7 you preface a list of
22 considerations when Phase 0 is completed with this

1 statement, Once deployed, ComEd will analyze and
2 then you list a whole host of things that ComEd
3 will an lies at Lines 134 to 144. Do you want
4 Commission and stakeholder involvement in selecting
5 the meter vendor or will ComEd make that selections
6 itself?

7 **A.** We want Commission and stakeholder involved
8 in the criteria to be used for the technology
9 vendors to meet, not necessari- -- not the
10 selection of the vendor.

11 **Q.** Okay. I want to show you what I will have
12 marked as AG Cross Exhibit 2.

13 (Whereupon, AG Cross
14 Exhibit No. 2 was
15 marked for identification
16 as of this date.)

17 BY MS. LUSSON:

18 **Q.** This request asks the Company to provide
19 copies of both the 2005 and 2008 RFIs associated
20 with the propositioned AMI project?

21 MR. FOSCO: I'm sorry could you identify it for
22 the record since we don't have copies, which data

1 request it is.

2 MS. LUSSON: I'm sorry, it's the request --
3 response to AG 13.10.

4 BY MS. LUSSON:

5 Q. Now, you indicate -- or the Company
6 indicates that the 2005 RFI was developed by Dave
7 Glenwright and Kevin Brookins at the time of Exelon
8 Business Services Company. Are they no longer
9 employed there?

10 A. They are both with the Company but in
11 different positions.

12 Q. Okay.

13 A. And not with Exelon Business Services
14 Company.

15 Q. Now, it says, With the oversight of
16 Miss Clair, the 2008 RFI was developed by Dave
17 Doherty, Manager of Advanced Metering Strategies,
18 ComEd.

19 Now, does Mr. Doherty report to you?

20 A. He reports to Mr. O'Toole who reports to
21 me.

22 Q. Okay. Now, do you -- did you -- were you a

1 part of what was called the Deep Dive team, the
2 strategic team that analyzed the AMI vendor bids?

3 A. In 2008?

4 Q. Yes.

5 A. They worked under my direction.

6 Q. Okay. Now, under the Company's revised
7 surrebuttal testimony, the first Rider SMP approval
8 process wouldn't begin until April 9th; is that
9 right?

10 A. Can you give me a reference?

11 Q. Mr. Crumrine's Exhibit 43.0, Page 7.
12 Actually, it would be May of '09.

13 MR. RIPPIE: We're getting a copy of that
14 document.

15 Karen, what's the line?

16 MS. LUSSON: I'm sorry what?

17 MR. RIPPIE: What's the page?

18 MS. LUSSON: Page 7, Exhibit 43.0.

19 THE WITNESS: Are you looking at the time line?

20 BY MS. LUSSON:

21 Q. The Rider SMP approval process wouldn't
22 begin until May of '09; is that right?

1 **A.** Yes. The first filing would be May of '09.

2 **Q.** And, again, just to clarify, approval of

3 the six or seven -- is it seven projects now?

4 **A.** Yes.

5 **Q.** Is officially off the table in this case in

6 terms of a Commission decision on those projects;

7 is that right?

8 **A.** Of the approval of the specific projects?

9 **Q.** Yes.

10 **A.** I believe that's correct. Mr. Crumrine

11 would know for sure, though.

12 **Q.** So if the Commission approves Rider SMP as

13 the Company is now proposing now, would the first

14 project approval process be for AMI Phase 0 only?

15 **A.** I can't answer that.

16 **Q.** So the Company doesn't know yet exactly

17 what would be proposed in the --

18 **A.** Well, I --

19 **Q.** -- first -- proceeding?

20 **A.** -- I know that for AMI, we would be looking

21 to start the workshop process and proceed. I can't

22 answer -- and for the demand response ones. I

1 don't -- I can't speak to the other specific
2 projects.

3 Q. Okay. So is it correct, then, that the
4 first docketed AMI -- I'm sorry, SMP approval
5 project process would include, to your knowledge,
6 AMI?

7 A. Yes.

8 Q. Would it include any other project?

9 A. I can't answer that. I think Paul would
10 be --

11 Q. So you don't know at this point?

12 A. -- Crumrine would be the particular person.

13 Q. So at least with respect to any future SMP
14 proceedings beyond that first one, you aren't aware
15 of any kind -- any certain decisions as to what
16 would be proposed at this point?

17 A. Not at this point.

18 Q. And just to clarify, would the first
19 project approval process only include Phase 0 of
20 AMI?

21 A. They -- first request would be for Phase 0.
22 Given that it's a two-year review process, I don't

1 think we have determined how we would fit what
2 would succeed Phase 0 into that time frame; but the
3 first approval is for Phase 0.

4 Q. And do you envision the Commission being
5 asked to approve ComEd selected meter vendor or is
6 that something you would do on your own?

7 A. No, I would -- as I stated previously, the
8 workshop process would include input on the
9 technology criteria but selecting a vendor from the
10 vendors who would meet that criteria would be the
11 Company's.

12 Q. I'm going to show you what I'll mark as AG
13 Cross Exhibit 3.

14 (Whereupon, AG Cross
15 Exhibit No. 3 was
16 marked for identification
17 as of this date.)

18 MS. LUSSON: This is the Company's response to
19 Department of Energy Data Request 1.41, the second
20 supplemental response.

21 MR. RIPPKE: If I may, just for the record, your
22 Honors, this is a data request that the Company has

1 updated from time to time as the proceeding is
2 ongoing so there are multiple answers, if you will,
3 to 1.41 in this particular -- it's the second
4 supplemental.

5 BY MS. LUSSON:

6 Q. Now, as I understand this response, this is
7 the process and criteria for evaluation of SMPs for
8 advanced metering infrastructure and automatic
9 switches and reclosures; is that correct?

10 A. Yes.

11 Q. Why was this called Deep Dive? Can you
12 first answer that?

13 A. Actually, I can't. I don't know the answer
14 to that. I did not understand when you used the
15 term "Deep Dive" before, I thought you meant the
16 group that updated the business case. This Deep
17 Dive team of which the AMI folks were a part, was
18 not done in my organization.

19 Q. Okay. So this is -- but this does
20 represent the criteria and process of evaluation of
21 advanced metering infrastructure; is that right?

22 A. This document references the Smart Grid set

1 of projects, one of which is AMI but it is beyond
2 AMI.

3 Q. Okay. So are you able to answer any
4 questions about this document?

5 A. I can -- let's see. I can answer questions
6 on some of the pages but actually most of this is
7 more around the distribution automation parts of
8 this SMP Project; but I can -- there are certain
9 pages that are from the AMI team and I could answer
10 those.

11 Q. It starts with evaluation or discussion of
12 Smart Grid and as I understand the Company's
13 position, AMI infrastructure is the foundation for
14 Smart Grid; is that right?

15 A. It is one of the foundational components of
16 a Smart Grid, yes.

17 Q. Now, if you look at Page 2 of that document
18 where it indicates home area network?

19 A. Yes.

20 MR. RIPPKE: If I may, just for a moment, your
21 Honors, Miss Lusson and I spoke before this
22 cross-examination. This is a document that has

1 been marked confidential and proprietary but only
2 certain parts are confidential and proprietary. We
3 believe that the questioning is not going to get
4 into the confidential and proprietary parts. In
5 which case, I think we can substitute a public
6 version; but I just want to make it clear that
7 there are parts of this document that are
8 confidential and proprietary but they haven't been
9 inquired about, which is why we're not doing
10 anything with respect to the substance of the
11 document.

12 BY MS. LUSSEN:

13 Q. Typical Smart Grid components, one of the
14 indicators there is home area network. Can you
15 describe what home area network is?

16 A. Home area network is technology that
17 enables devices within the house, appliances,
18 things like that, to be used for level -- more
19 level of detail on specific usage patterns. So it
20 really takes the information technology around
21 metering into the home.

22 Q. Okay. And for home area network to

1 function, does the customer have to have usage
2 aware appliances?

3 **A.** I believe so.

4 **Q.** So that would require a customer to buy
5 appliances that specifically have that capability
6 to indicate usage?

7 **A.** That's my understanding.

8 **Q.** Now, if you turn to Page 4 of that
9 document, where does home area network fit in
10 within these -- this technology team's vision in
11 terms of the categories supplied there?

12 **A.** From the items listed on this page, I would
13 say it would come under customer information.

14 **Q.** And then under prepared for future demands,
15 you have, Handle demand from plug-in hybrid
16 electric cars. So did -- is it correct, then, that
17 ComEd's vendor selection criteria included the need
18 for those AMI meters to possess that functionality?

19 **A.** They -- it's both the metering and the
20 infrastructure, but our RFI did include proposals
21 that would enable that feature.

22 **Q.** Coordinate and control distributed

1 resources, what does that mean?

2 **A.** I'm sorry, I just wanted to check one thing
3 in terms of -- if I could be more specific. I
4 thought I had it lined out. Could you repeat your
5 question?

6 **Q.** Sure. Under prepared for future demands,
7 there's also a bolded item that states, Coordinate
8 and control distributed resources. Can you explain
9 what that is?

10 **A.** Actually, I cannot. That's --

11 **Q.** How about support photovoltaic and wind
12 generation?

13 **A.** Well, I could say what that was but that's
14 not part of the -- either the AMI or the demand
15 response portions of the SMP Project, so somebody
16 else would be better able to explain that.

17 **Q.** Do you know who that might be?

18 **A.** Mr. Donnelly.

19 **Q.** Mr. Donnelly.

20 Now, is the ability to handle demand
21 from plug-in hybrid electric cars, as far as you
22 know, does that functionality add cost to the AMI

1 meter?

2 **A.** I can't say specifically that it does or
3 does not add cost.

4 **Q.** You're not sure?

5 **A.** I don't know.

6 **Q.** How about the ability to go from one-hour
7 demand readings to 30-minute readings, does that
8 add costs?

9 **A.** Yes. It adds costs to the information
10 technology costs associated with it, not
11 necessarily to the -- what the meter can do.

12 **Q.** And is it correct to assume that if the
13 vendor request went to a shorter time increment,
14 such as 15 minutes, would you expect that to add
15 costs to the AMI bid?

16 **A.** The RFI that we prepared required
17 information at 15-minute intervals. Again, this
18 information that's created will be vastly bigger if
19 it goes from a day to an hour, an hour and a
20 half-hour, half-hour to 15 minutes and the
21 information technology that takes that information
22 and does what it needs to do to get it presented to

1 the customers, the bigger the amount of data, the
2 higher the cost.

3 Q. And, in fact, that's what added to the cost
4 differential between your supplemental direct
5 testimony and your rebuttal testimony; is that
6 correct?

7 A. That's part of it, yes.

8 Q. Now, on this -- in this document, IBM, the
9 company IBM is mentioned. Has a vendor been
10 selected?

11 A. IBM was not one of the vendors that did the
12 AMI RFI, so, I would not know.

13 Q. And as a result --

14 A. What page?

15 Q. I believe that was toward the back.

16 A. Oh, I see. It says, IBM decision.

17 Q. Page 11.

18 A. That is -- that's not part of the AMI
19 proposal.

20 Q. Okay.

21 A. The vendors for the AMI proposal are on
22 Page 8.

1 Q. And that's more distribution automation?

2 A. Or the frame work for the Smart Grid.

3 Q. And it's correct, isn't it, that no vendor

4 has been selected by the Company for AMI; right?

5 A. Correct.

6 Q. And then on Page -- finally Page 12 that

7 document there's a page that's called, Next Steps

8 for Technology Team and a timing column. Would you

9 agree that several functions remain to be completed

10 on this process?

11 A. I would.

12 Q. And in the fourth bullet point it says,

13 Discuss leading candidates for AMI and demand -- is

14 that -- DA, what does DA stand for?

15 A. Distribution automation.

16 Q. Distribution automation initiatives. And

17 that's scheduled for May. So is it correct to

18 assume, then, that the Company has not yet

19 discussed or evaluated or determined who the

20 leading candidates are for these initiatives?

21 A. We have.

22 MR. RIPPKE: We're straining close to the edge

1 of the C & P designation. If you are going to talk
2 about the names.

3 MS. LUSSON: No, I'm not.

4 THE WITNESS: We have evaluated the -- from --
5 the AMI team evaluated the eight vendor proposals
6 that were received from an AMI functionality
7 viewpoint.

8 The distribution automation team also
9 looked at those eight proposals from a distribution
10 automation perspective, so there's been some
11 evaluation but there has not been an identification
12 of leading candidates or any change in the number
13 from eight to anything else.

14 BY MS. LUSSON:

15 Q. Have you discussed at all whether there's a
16 need to reopen the bidding process based on the
17 eight that you received?

18 A. We have not discussed that.

19 Q. Is that a possibility?

20 A. I don't understand why it would be
21 necessary but -- because the proposal -- we sent
22 out a list of requirements and we got proposals

1 that did meet those requirements.

2 **Q.** Okay. Now, again, referencing back to the
3 time line indicated in Mr. Crumrine's testimony.
4 If such a procedure was adopted, it looks as though
5 the first SMP filing would occur, I think as we
6 indicated before, in May of 2009, would these RFIs
7 that are the basis for this Deep Dive document,
8 would those need to be updated for purposes of that
9 proceeding?

10 **A.** The way the process works is that a request
11 for information is usually followed by a request
12 for proposal RFP, which takes it kind of to the
13 next level and starts to get a little more solid
14 foundation.

15 **Q.** Okay. So this is just a request for
16 information as opposed to a specific proposal with
17 more specific dollar amounts for vendors?

18 **A.** No. There were a lot of -- there was
19 specificity around requirements and around dollar
20 amounts. I think proposals probably go to a more
21 -- the vendors go to a more granular level of
22 detail when they're doing an RFP instead of an RFI.

1 **Q.** And by "granular," you mean more specific;
2 is that right?

3 **A.** Yeah, about how, you know, how would you
4 get to each of those steps.

5 **Q.** And is it correct, then, that the RFIs that
6 are the basis for the cost estimates in your
7 testimony and -- that are the subject of these Deep
8 Dive document are in no way guaranteed in terms of
9 outer limits by these eight vendors?

10 **A.** Well, because it's just a request for
11 information.

12 **Q.** Okay.

13 **A.** They're not -- in any level of the process
14 vendors could put in a different price.

15 **Q.** Okay. Going back to your rebuttal
16 testimony, please, Page 8. You state that based on
17 2008 dollars, ComEd is using a total AMI solution
18 cost of 800 million, including 74 million in ComEd
19 technology integration capital costs. And, again,
20 that number is based on the vendor responses you
21 got to the RFI we were just discussing?

22 **A.** Yes. We modeled the vendor proposal that

1 most closely met the AMI requirements and included
2 the scalability open standards and resistance to
3 obsolescence that would enable the broader Smart
4 Grid technology.

5 Q. And I think you indicated that eight
6 vendors provided information; is that right?

7 A. Yes.

8 Q. And these -- is it correct that these
9 vendors provided metered cost ranges between 95 and
10 \$140?

11 A. That's correct.

12 Q. And is it correct to assume that the \$95
13 meter would perhaps perform less functions than the
14 \$140 meter?

15 A. Not necessarily.

16 Q. So did the price difference result from
17 functionality or...

18 A. I would say the price difference resulted
19 from what costs were included in the meter and what
20 costs would have been included in the
21 infrastructure. So the RFI proposal for the
22 infrastructure included both the metering costs and

1 the information network to move information from
2 one piece to the other. How those costs were
3 divided up, you know, what was done in the
4 infrastructure and what was in the meter would have
5 been one of the reasons for differences in the
6 meter price.

7 Q. And now were also separate proposals issued
8 from eight vendors for what is referred to as the
9 associated communication network at Line 163 of
10 your testimony?

11 A. Right. That was actually what I just said.
12 I'm sorry. Meters and associated communication
13 network were the two pieces that the RFI proposal
14 included.

15 Q. And the meter data management system, is
16 that a separate piece of the RFI also?

17 A. No. The meter data management system is
18 not part of the RFI. It's the technology solution
19 that is needed separate from the -- separate from
20 the metering, probably attached to the billing
21 system that takes this information, stores it,
22 turns it around into the information that can be

1 viewed by the customer.

2 Q. So cost estimates associated with the meter
3 data management system would not be incorporated in
4 AMI meter cost estimates?

5 A. No, they're not in the 800 million.

6 Q. And how about assistance with the
7 integration into other ComEd IT systems, would that
8 be separate and apart from the AMI cost estimates?

9 A. Right. The -- those-- the later two are
10 what constitute the \$74 million IT cost.

11 Q. Now, at Line 174 you indicate Excentra
12 Consulting (phonetic) is on Page 8 that is -- is
13 assisting with data systems integration work. What
14 exactly is Excentra being asked to do?

15 A. So Excentra was used to help us determine
16 the estimate for the meter data management systems
17 as well as the integration of the IT cost within
18 the ComEd assets.

19 Q. And when you say "determine the estimate,"
20 determine the costs?

21 A. Right. They helped us develop the
22 \$74 million estimate.

1 **Q.** Are there other consulting or IT firms that
2 have been or will be retained by ComEd to advise
3 and assist with overall AMI planning and analysis
4 or integration and installation?

5 **A.** No determination has been made on that.

6 **Q.** Now, are Excentra and any other firms that
7 you might consult being asked to help because of
8 the need for specialized expertise that ComEd may
9 not necessarily have?

10 **A.** Yes.

11 **Q.** And is it your believe that Staff --
12 Commission Staff in any such proceeding would be
13 able to assist with that kind of specialized
14 expertise for those kinds of functions such as
15 Excentra is doing?

16 **A.** I have no basis for making a decision.

17 **Q.** Okay. Back on Page 7 of your rebuttal,
18 Line 34.

19 **A.** 134?

20 **Q.** 134, I'm sorry, you're right. Yes.

21 You state, After a determination that
22 Phase 0 has been successful, ComEd expects to seek

1 approval for full deployment of AMI. If, in fact,
2 Phase 0 is determined not to be successful, first
3 of all, who would make that determination?

4 **A.** The -- we would hope to use the workshop
5 process to develop the evaluation criteria. We've
6 obviously specified some criteria here but used the
7 workshop process to gain consensus on the
8 evaluation criteria that would be used after Phase
9 0. We would get the information and then would
10 assume that the stakeholder group would evaluate
11 the results.

12 **Q.** And then if it was determined by ComEd that
13 Phase 0 had been successful, would you seek
14 approval for other proposals regarding AMI,
15 continued deployment of AMI from internal senior
16 management?

17 **A.** I would assume, you know, we would work our
18 internal processes and we would also work the
19 stakeholder process.

20 **Q.** Now, for purposes of the SMP proposals that
21 were filed in, I believe, January, did those
22 proposals go through the regular capital budget

1 process that begins, as I understand it, in March
2 of each year?

3 **A.** They did not go through the capital
4 process.

5 **Q.** Okay. So -- strike that. The last two
6 words.

7 Would you be asking the commission to
8 determine how successful Phase 0 had been at the
9 completion of the workshop process? In other
10 words, do you expect -- would you expect a
11 Commission order stating that?

12 **A.** That Phase 0 had been successful?

13 **Q.** Yes.

14 **A.** That wouldn't be my understanding, no.

15 **Q.** Okay. Now, as I understand, the SMP
16 approval process, ratepayers would be charged a
17 return of and on the investment made in Phase 0
18 before there was a determination whether or not
19 Phase 0 is successful; is that correct?

20 **A.** That's correct.

21 **Q.** And you indicated that the projects that
22 were proposed in this case did not go through the

1 normal capital budget process. Will that -- is
2 that true of all future proposed SMP projects, that
3 is, that they will, for lack of a better term, sort
4 of have their own path to proposal before the
5 Commission?

6 MR. RIPPKE: I'm sorry, I think that
7 mischaracterizes her testimony. She said they did
8 not, not that they would not. She didn't say there
9 was a separate path, that's my only objection.

10 MS. LUSSON: Let me rephrase the question.

11 BY MS. LUSSON:

12 Q. I think you indicated that the original
13 seven projects that were proposed in this docket
14 did not go through the normal capital budget
15 process that begins in March of every year; is that
16 correct?

17 A. That's correct.

18 Q. And what about the future SMP projects that
19 would be proposed by ComEd?

20 A. So I would presume that those projects will
21 go through the same process that we have now. So
22 before we get to the capital budgeting process in

1 March or whatever month it starts in the year,
2 projects have some pre-approval.

3 We did, in fact, take the AMI case to
4 the ComEd management committee for approval to at
5 least proceed with the development of the business
6 case and then in conjunction with the filings with
7 the Commission, we would be having the internal
8 management approval required.

9 **Q.** Okay. And, so, that is not the -- that is
10 not the process that other wise for other capital
11 projects ultimately goes in early December before
12 the Exelon corporate planning board for a
13 presentation for Exelon board of directors; is that
14 correct?

15 **A.** The -- I believe that's the process that
16 finalizes the approved capital spend for the next
17 year.

18 **Q.** Right. And, so, Rider SMP would not
19 necessarily be a part of that?

20 **A.** Well, not know because we're not doing
21 them.

22 **Q.** Now, I think previously you mentioned that

1 costs for AMI could expect an upper range value for
2 about \$1 billion. Is \$1 billion the absolute worse
3 or highest case scenario?

4 **A.** The numbers that were quoted in the
5 testimony had the lowest and the highest number
6 that were received from the RFI vendors.

7 **Q.** Okay. Again, that was from the RFI, not a
8 specific RFP?

9 **A.** Correct.

10 **Q.** Is ComEd willing to guarantee the
11 Commission or ratepayers that the total installed
12 cost of all components of the AMI project through
13 2013 will not exceed the 891.5 million that
14 Mr. Crumrine has now included in his Exhibit 43.1
15 for AMI?

16 **A.** I can only speak to the work that I've done
17 on the AMI proposal and costing and while I believe
18 those are reasonable estimates, we had a
19 significant number of criteria that needed to be
20 met given; that this is at the RFI stage and we
21 don't have a proposal or a contract, I could not
22 guarantee what those costs -- that those costs will

1 exactly be the same.

2 Q. Okay. Now, as I understand, AMI would
3 permit remote disconnect of electric delivery
4 service?

5 A. Correct.

6 Q. Presumably, this would minimize the amount
7 of the Company's uncollectibles, wouldn't it?

8 A. And other things, yes.

9 Q. Have you quantified that?

10 A. Yes, we have.

11 Q. And that is in -- listed in your rebuttal
12 testimony or is that in a work paper?

13 A. It's in both. It depends on the level of
14 detail. Give me one second. Sorry.

15 Q. I think -- is it 9.1 million on Page 15.

16 A. Yes, thank you.

17 Q. Sorry about that.

18 Back to the home area network aspect of
19 the AMI technology. For purposes of this
20 preparation of the RFI, did the Company do any sort
21 of customer demand study to determine if that is
22 something residential customers are demanding or

1 are interested in?

2 **A.** We did not. But we also did not include --
3 we include the capability to be able to have a chip
4 for the home area network. We did not include
5 100 percent of the meters, you know, being
6 connected to do a home area.

7 **Q.** And do you know -- does the presence of the
8 HAN chip increase the cost of --

9 **A.** Yes, it does.

10 **Q.** And this, I assume, would add the ability
11 to provide new services and, perhaps, revenues by
12 adding that technology?

13 **A.** New services, new revenues to somebody.

14 **Q.** And who can you imagine the somebody would
15 be?

16 **A.** I think there are any number of market
17 participants. I mean, your questions before talked
18 about having appliances that could do that. You
19 know, people that make appliances would certainly
20 be among the folks that might be in that market.

21 **Q.** How about alternative retail electric
22 suppliers, would they benefit for the ability to

1 provide HAN?

2 **A.** Well, I believe the alternative retail
3 electric suppliers will benefit from the increased
4 information that comes from AMI, whether or not
5 they'd want to be in services inside the home, I
6 couldn't answer.

7 **Q.** Now, back on Page 14 you begin a discussion
8 of the savings that would -- and the quantification
9 of savings experienced by customers as a result of
10 full AMI deployment. And at Line 298 you refer to
11 benefits that ComEd will experience as a result of
12 deployment. By "this," do you mean O & M savings,
13 operation and maintenance savings and other
14 benefits to the Company?

15 **A.** That -- those benefits go to both
16 operational cost savings and estimated purchased
17 energy savings.

18 **Q.** Okay. Now, you underscore that these
19 savings are estimates; is that correct?

20 **A.** Yes.

21 **Q.** And that Phase 0 must be completed to
22 confirm operational cost performance and benefits;

1 is that still your testimony?

2 **A.** Yes.

3 **Q.** So is it correct, then, that your analysis
4 with regard to O & M savings and other benefits
5 shouldn't be viewed as a complete or final cost
6 benefit study of AMI?

7 **A.** The study that's presented is complete
8 based on what we know. To know with any more
9 certainty what the actual savings are as well as to
10 get information on the ones we've identified as
11 qualitative, we would have to do Phase 0.

12 **Q.** Okay. And just to be clear, you may have
13 indicated this but I don't recall at the moment.
14 Prior to implementing Phase 0, is this the last RFI
15 that ComEd will be putting out there? Is the next
16 step an RFP?

17 **A.** The next step is an RFP, yes.

18 **Q.** At the bottom of Page 14 you indicate,
19 Estimated annual A & M Savings of 73.5 million.
20 The first portion of this is meter reading costs
21 avoided of about 44.3 million; is that right?

22 **A.** That's correct.

1 **Q.** And is that an estimate?

2 **A.** It's actually a calculated number based on
3 the number of meter readers that we have now and
4 the number of cars that we have now and the other
5 -- other benefits that accrue to that that have
6 been based on actual experience.

7 **Q.** Okay. And I think we indicated that you --
8 estimated savings of bad debt cost of about 9.1
9 million per year?

10 **A.** Yes.

11 **Q.** And 0.7 million of interest savings for
12 that item; is that right?

13 **A.** Right.

14 **Q.** And call center savings are estimated of
15 about half million per year?

16 **A.** Right.

17 **Q.** Is that based on preliminary data and
18 assumptions or is that specific criteria?

19 **A.** It's based on the number of calls that we
20 receive about questions about meter reading --
21 meter reading estimates, potentially high bills and
22 we applied a percentage of those calls we think

1 might go away, that's one of the costs that we
2 actually see what the difference is in customer
3 behavior when we do Phase 0.

4 Q. And the automation of your meter reading
5 process you estimate cost savings for the Company
6 of about 1.4 million; is that right?

7 A. From that -- the 1.4 million is labor,
8 material and postage associated with more accuracy
9 in the bills.

10 Q. And 13 and a half million, which is
11 mentioned at Line 332, that's annual net cost
12 savings relating to meter operations and then you
13 indicate what that reflects and that's on an annual
14 basis?

15 A. The 13.5 is an annual savings, yes.

16 Q. 338 you mention the cost savings of 10.4
17 million that are not permanent and may return once
18 all AMI meters have been deployed; is that right?

19 A. Correct.

20 Q. 343 you mention potential annual cost
21 savings of 300,000 for avoiding unnecessary trips
22 for false outage costs; is that right?

1 **A.** Yes.

2 **Q.** And that's probably based on the frequency
3 of those kind of calls that you get now?

4 **A.** Yeah. It's actually based on storm costs
5 of how many tickets -- on a sampling basis, how
6 many tickets ended up that they were restored when
7 the crew went out there.

8 **Q.** And on -- you talk about 3.7 million in
9 potential annual savings for a more efficient
10 response to storm-related outages. And, again, is
11 this associated with AMI or also another --

12 **A.** These are -- these particular savings are
13 associated with AMI.

14 **Q.** Okay. So the amounts that we've been
15 discussing would directly reduce ComEd's own
16 expenses upon full deployment of AMI; is that
17 right?

18 **A.** Yes.

19 **Q.** And if we do the math, is it -- would you
20 agree that you get a total of 83.9 million in
21 annual O & M savings excluding the portion that you
22 said was not annual?

1 **A.** It's actually 73.5 million in an annual
2 savings and the 10 4 million is -- those would be
3 during the implementation period.

4 **Q.** Right. And the 10.4 is excluded because
5 you describe those as not permanent; is that right?

6 **A.** Correct.

7 (Change of reporters.)

8 BY MS. LUSSON:

9 **Q.** Okay. And then at Page 17, you begin
10 discussion of a different category of benefits
11 associated with reduced purchased energy costs
12 totalling 62.4 million.

13 Is this an annual value that is expected
14 after full deployment of AMI?

15 **A.** Yes.

16 **Q.** And would you expect those savings to flow
17 through to customers and their supply charges?

18 **A.** The costs that are calculated here include
19 both supply and delivery cost savings.

20 **Q.** Okay. So that isn't necessarily just
21 associated with not having to purchase a certain
22 amount of commodity. There are delivery service --

1 **A.** Right.

2 **Q.** -- savings also included with this?

3 **A.** Yes.

4 **Q.** Do you know what portion of that 62.4

5 accounts for delivery savings?

6 **A.** Now, residential customers, I believe it's

7 around 75 percent supply cost, 25 percent delivery

8 cost. So these dollars which are all calculated on

9 usage would be that same split.

10 **Q.** Okay. So --

11 **A.** I haven't done the math.

12 **Q.** Okay. So if I was to do the mat, then

13 would you apply 25 percent to the 62.4 million to

14 get the amount of delivery savings associated with

15 that reduced energy usage?

16 **A.** Yes.

17 **Q.** And one element of the purchased energy

18 savings arises from remote disconnection upon

19 termination of a customer service. Is that the

20 kind of delivery service savings you're talking

21 about there?

22 **A.** I'm sorry. Could you say that again?

1 Q. At Line 360. One element of the purchase
2 saving the arises from remote disconnection upon
3 termination of a customer's service.

4 A. Right.

5 Q. Is that part of that 25 percent --

6 A. Yes.

7 Q. -- of the --

8 A. The 29,400,000 includes both the energy and
9 the delivery portion.

10 Q. Okay. And is that over and above that 62.4
11 million?

12 A. No.

13 Q. Okay. That's within that?

14 A. That -- yeah, the three numbers below that
15 are the ones that add up to the 62.4.

16 Q. Okay. And AMI detection of meter tampering
17 is expected to yield another 24.4 million in
18 purchased energy savings; is that right?

19 A. Yes.

20 Q. And is there any sort of 25 percent
21 application to that amount?

22 A. (Nodding.) Right.

1 **Q.** Okay. So that's an additional -- a portion
2 of that 24.4 million would be O&M savings on the
3 delivery side of the business?

4 **A.** Correct.

5 **Q.** And then, finally, another 8.6 million --
6 is expected to be saved through an increased
7 accuracy of the solid-state AMI meters; is that
8 right?

9 **A.** Yes.

10 **Q.** Looking at Line 384 of your testimony, Page
11 18, you talk about the ten types of system benefits
12 that would result from AMI deployment.

13 And at 382, you indicate that these
14 additional system benefits are not yet quantified;
15 is that correct?

16 **A.** Correct.

17 **Q.** Is it correct or a fair synopsis to say
18 that some of these additional ten items may result
19 in O&M savings to ComEd while others are
20 convenience or environmental benefits?

21 **A.** I would add so they're either O&M,
22 environmental or would accrue to other market

1 participants.

2 **Q.** Okay. And what do you mean by accrued to
3 other market participants?

4 **A.** Some of the benefits -- the fourth one
5 would be, you know, improved retail competitive
6 processes, because we have meter readings more on
7 the date switched. The third one would lead to
8 improved RES forecasting. RES being a retail
9 electric supplier.

10 And then the sixth one says more
11 accurate settlement of the wholesale energy cost
12 for all participants who have to settle the market.
13 That's what I meant by that generalization.

14 **Q.** So there are benefits to accrue to other
15 retail -- alternative retail electric suppliers
16 from this investment?

17 **A.** Yes.

18 **Q.** And in light of that perceived benefit, do
19 you anticipate then that the AMI would result in
20 increased provision of competitive services by
21 those alternative retail electric suppliers or
22 ComEd?

1 **A.** I don't know what you mean by "increased
2 benefit." You mean they'd have more customers
3 or --

4 **Q.** Well, you identify these as benefits
5 associated with. I think we were talking about the
6 benefits that come --

7 **A.** Right.

8 **Q.** -- the ten different kinds of benefit that
9 have --

10 **A.** I think it would allow them to be more
11 efficient in their processes.

12 **Q.** Now, at Line 507, you state, During
13 Phase O, ComEd will seek to better understand the
14 value drivers described above.

15 Value drivers, I assume, are the
16 perceived benefits that you talk about?

17 **A.** Yes.

18 **Q.** And cost savings; is that right?

19 **A.** Yes.

20 **Q.** So like the additional -- the possibility
21 of additional costs that could arise through the
22 SM, the -- as time progresses for purposes of

1 quantifying the cost of AMI, you're also -- are you
2 stating additional benefits that may be accruing?

3 **A.** Yes. And that Phase 0 could quantify
4 those.

5 **Q.** So the cost benefit analysis at this time
6 is ongoing or continuing, would you agree?

7 **A.** No. I mean, we finish our business case
8 and we identify the cost and the benefits.

9 More information could make things up or
10 down, but I believe the business case as it stands
11 is complete.

12 **Q.** But there are additional costs and benefits
13 that could be identified in the coming months or
14 years; is that right?

15 **A.** Well, there are additional benefits that
16 could be realized when we do Phase 0.

17 **Q.** Okay.

18 JUDGE HILLIARD: How close are you to being done
19 here? You've exhausted your hour.

20 MS. LUSSON: I'm almost -- okay. Just about
21 down.

22 BY MS. LUSSON:

1 **Q.** Now, at Line 376, you state your net
2 present value does not reflect business impacts
3 relating to the write-off of existing meters. Is
4 this the 206.5 million cost you reference at
5 Line 198?

6 **A.** I believe so. Yes.

7 **Q.** Okay. And on the cost benefit analysis
8 that you perform, does it assume benefits of
9 general AMI deployment to all customers or
10 installation only on a customer-requested basis?

11 **A.** It includes all customers.

12 **Q.** Now, is it correct in terms of -- I know
13 Mr. Stevens was here earlier this morning, talked
14 about the -- some possible benefits of AMI.

15 Is it correct that ComEd, in conjunction
16 with Rider SMP in this case, has not proposed any
17 new type varying price tariffs specifically?

18 **MR. RIPPIE:** The answer is Mr. George.
19 Mr. Steven George.

20 **MS. LUSSON:** Mr. George. I'm sorry.

21 **THE WITNESS:** Steven George.

22 **MS. LUSSON:** Steven George.

1 THE WITNESS: Mr. Crumrine would be the better
2 person to answer that question.

3 BY MS. LUSSON:

4 Q. Okay. Has the Company had any
5 conversations with either the Illinois Commerce
6 Commission or Commission staff to lead them to
7 believe that these kind of projects would not be
8 included in rate base in a future rate case?

9 A. I've not had any discussions.

10 Q. Do you know of anyone else at the company
11 that's had that discussion?

12 A. Uhm-uhm. I don't know.

13 Q. Just one moment. I'm almost finished.

14 Now, on Page 3 of your surrebuttal,
15 you -- at Line 54, you state, To ComEd, the smart
16 grid is not a fixed destination. Rather, it is a
17 journey that will continue as technology and
18 customer needs evolve.

19 Does the journey have an end in your
20 mind? Is the end of the journey when AMI is fully
21 deployed? When the AMI technology is fully
22 depreciated?

1 When does the journey end?

2 **A.** So that the sentence that you read refers
3 to the smart grid, which is, of course, AMI is a
4 component. The smart grid vision is a broader
5 picture.

6 In relation specifically to AMI, I would
7 define our journey as from Phase 0 until the last
8 meter is installed and all of the customers are
9 operating on that new platform.

10 **Q.** Just one final question, and that is, will
11 you or anyone on the smart grid deep dive team or
12 any witness in this case or any employee of
13 Commonwealth Edison be involved in the NARUC
14 subcommittee smart grid subcommittee that begins
15 meeting in July?

16 **A.** I am not. I cannot remember if there is a
17 company representative.

18 You might ask Mr. Donnelly.

19 MS. LUSSON: Okay. Thank you very much,
20 Ms. Clair.

21 JUDGE HILLIARD: Are you going to move in your
22 cross exhibits?

1 MS. LUSSON: Yes, I'd like to request the
2 admission of AG Cross Exhibits 2 and 3.

3 JUDGE HILLIARD: Any objection?

4 MR. RIPPPIE: No, we have no objection.

5 I would ask -- I've asked Ms. Lusson if
6 she would consider putting in the public version of
7 3 since the pages that she actually inquired about
8 were only a couple pages, that would make life much
9 simpler.

10 MS. LUSSON: And I indicated to Mr. Rippie that
11 I would take a look at that and get back to them
12 him. That's very possible.

13 JUDGE HILLIARD: All right. You want to hold
14 your redirect until the very end or did you want to
15 do it now?

16 MR. RIPPPIE: Now, I'll hold it.

17 JUDGE HILLIARD: All right. We're going to
18 break for just a second. Be right back.

19 (Recess taken.)

20 JUDGE HAYNES: Okay. Let's go back on the
21 record. Okay. We're going to get started.

22 Who's up next for cross-examination?

1 (Pause.)

2 MR. ROBERTSON: All set.

3 JUDGE HAYNES: Go ahead.

4 CROSS-EXAMINATION

5 BY

6 MR. ROBERTSON:

7 Q. Good afternoon, Ms. Clair. My name is Eric
8 Robertson. I represent the Illinois Industrial
9 Energy Consumers, and I'd like to direct your
10 tension to Page 14 of your surrebuttal testimony.

11 A. Okay.

12 Q. And the question and answer that appears at
13 the bottom of that page.

14 Now, at Page 14 of that testimony, you
15 state that, The capability of a customer to reduce
16 its load in response to a reliability event on the
17 distribution system enhances the reliability of the
18 delivery system; is that correct?

19 A. Yes.

20 Q. And when you say "delivery system," are you
21 referring there to the distribution system or the
22 transmission system?

1 **A.** I'm referring to the distribution system.

2 **Q.** And would you agree that the types of

3 events that usually affect reliability on the

4 distribution system are wind storms, ice storms,

5 downed wires, fires?

6 **A.** Those are some of them, yes.

7 **Q.** Okay. What other types of things might

8 affect the reliability of the distribution system?

9 **A.** Did you have -- did you list extended heat;

10 was that in your list? Then I would say extended

11 heat.

12 **Q.** Now, when you say "extended heat," do you

13 mean extended hot weather?

14 **A.** Yes.

15 **Q.** Now, to your knowledge, does ComEd design

16 its distribution delivery system based on a

17 customer's capability to respond to a supply price

18 signal or reliability event?

19 **A.** I'm definitely not a person to answer that

20 question.

21 **Q.** Do you know whether ComEd's distribution

22 costs are largely fixed at any given point in time?

1 **A.** I would not -- I'm not the fixed cost
2 expert.

3 **Q.** Do you know whether load shifting or peak
4 shaving have a material effect on ComEd's
5 distribution costs?

6 **A.** I do not know the impact on the
7 distribution costs.

8 **Q.** Now, if a customer increased its own
9 internal distributed generation, does that cause
10 ComEd to have a less investment in distribution
11 delivery facilities associated with that customer?

12 **A.** It depends.

13 **Q.** Okay. Under what circumstances might it?

14 **A.** Well, over the long term, it -- it would
15 take load off the system.

16 **Q.** Isn't the system designed to meet the
17 customer's maximum peak whenever it occurs?

18 **A.** Best of my understanding, yes.

19 **Q.** So if the customer uses his generation to
20 generate during daylight hours and shift his
21 production to off-peak hours and uses ComEd's
22 system in the same manner as it was using it during

1 the daylight hours, would it make any difference to
2 the cost of the distribution system?

3 **A.** Not in that situation.

4 **Q.** If ComEd's system is built to meet the
5 customer's maximum demand regardless of when that
6 occurs, if a customer is able to reduce its load in
7 response to a supply price signal or reliability
8 event, does that necessarily reduce the level of
9 investment in the distribution delivery system
10 associated with that customer?

11 **A.** Again, it depends.

12 **Q.** Refer you to Line 306 of your surrebuttal.
13 You refer to the wholesale market.

14 Are you referring to the wholesale
15 market for electrical conductors or poles or relays
16 or meters or other parts of ComEd's distribution
17 delivery system?

18 **A.** I'm sorry. Could you repeat the question?

19 **Q.** Yes. Let me do a simpler way.

20 You used the term "wholesale market" at
21 Line 306?

22 **A.** Correct.

1 **Q.** When you refer to wholesale market, are you
2 referring to a wholesale market for such things as
3 electrical conductors or poles or relays or meters?

4 **A.** No.

5 **Q.** Now, has ComEd quantified or even attempted
6 to quantify the alleged impact of distributed
7 generation or demand response resources on the
8 reliability of the distribution system?

9 **A.** Not to my knowledge.

10 **Q.** Do you contend that it is necessary for
11 ComEd to have expanded availability of demand
12 responses -- strike that.

13 Do you contend that it is necessary for
14 ComEd to have expanded availability of demand
15 response resources in order for the distribution
16 systems to function?

17 **A.** In order for the systems to function, no, I
18 did not say that.

19 **Q.** Do you contend that it is necessary for
20 ComEd to have expanded availability of demand
21 response resources so that customers can receive
22 electric power and energy from suppliers other than

1 ComEd?

2 **A.** Is it necessary --

3 **Q.** Yes.

4 **A.** -- was that the question?

5 No, it's not necessary.

6 **Q.** Now, I refer you to Page 15, Lines 308 to

7 309 of your surrebuttal, ComEd Exhibit 38.0.

8 You state, ComEd is striving to deliver

9 demand response products and infrastructure that

10 are competitively neutral to retail electric

11 suppliers and curtailment service providers.

12 What do you mean by "competitively

13 neutral"?

14 **A.** So that one is not advantaged vis-a-vis any

15 of the others.

16 **Q.** Will ComEd be able to offer demand response

17 products and infrastructure currently offered by

18 two end use customers in the ComEd service

19 territory by retail electric suppliers or

20 curtailment service providers?

21 **A.** Okay. I'm sorry. Could you say that one

22 again?

1 **Q.** Yeah. If ComEd delivers these demand
2 response products and infrastructure, will ComEd be
3 able to offer those products and infrastructure --
4 strike that.

5 If ComEd's proposal is adopted here as
6 you have described it, will ComEd be able to offer
7 demand response products and infrastructure that
8 are currently offered to end use customers in the
9 ComEd service territory by retail electric
10 suppliers or curtailment service providers?

11 **A.** Well, the proposal is to offer them to end
12 use customers, delivery customers.

13 **Q.** So the answer is, yes, you will be able to
14 do that?

15 **A.** Right. We will be offering them, yeah, to
16 the customers, whomever they're served by.

17 **Q.** Will you turn to Page 11 of your
18 surrebuttal testimony.

19 **A.** Okay.

20 **Q.** And if you look at your discussion
21 beginning at Lines 223 and continuing through 230.

22 Now, as I understand your testimony

1 here, you do not intend to initially allow a RES
2 direct access to the meter itself?

3 A. Correct.

4 Q. And if the RES customer -- or I'm sorry,
5 the RES and its customer want access to that data,
6 then the RES could provide their own advanced meter
7 to the customer; is that correct?

8 A. I'm sorry. We're not allowing access to
9 the meter. We're allowing -- not allowing. I
10 mean, the whole point is to have access to the
11 information.

12 Q. Okay.

13 A. The data.

14 Q. The day of?

15 A. The data. Data, d-a-t-a.

16 Q. All right. So the RES would not get direct
17 access to the meter on the day of the electricity
18 consumption?

19 A. They wouldn't have direct access to our
20 meter.

21 Q. Right. And if they needed the information
22 that was reflected in your meter, then they would

1 have the option to install their own meter; is that
2 correct?

3 A. That's correct.

4 Q. So --

5 A. They do have that option.

6 Q. -- in this particular instance, the
7 customer who was served by the RES would be
8 required to have a meter from ComEd. And then if
9 he wanted the advanced information that the ComEd
10 meter was providing, they would have to have their
11 own retail electric supplier install the meter for
12 them; is that correct?

13 A. No.

14 Q. Okay. Why not?

15 A. Okay. So the information available from
16 the meter will be available in whatever the time
17 period decided is. If there's a need for different
18 information, then the customer or their RES could
19 install their own meter.

20 Q. In order to get the same information or
21 different information?

22 A. Well, it sounded like in order to get

1 different information.

2 Q. All right. And what information that -- I
3 guess I was confused by the idea that the whole
4 point of having these meters is to have access to
5 the information on the same day as the usage.

6 And if I understood your testimony -- or
7 in real time, as you say here. As I understood
8 your testimony, Edison's not going to provide that
9 information to the retail electric supplier on a
10 real-time basis.

11 A. The AMI project as defined would --
12 half-hour information available the next day --

13 Q. Okay.

14 A. -- for everybody.

15 Q. -- is that real time?

16 A. Pardon me?

17 Q. Is that real time as you use the term here?

18 A. It's on a more real-time basis.

19 Q. More --

20 A. So the data is gathered real time, the
21 half-hour reads are taken real time.

22 Q. What is --

1 **A.** The data is available the next day.

2 **Q.** What is the technical reason why an RES

3 could not have the same information that ComEd has

4 from the meter read on a real-time basis?

5 **A.** Well, ComEd doesn't have the information

6 until the next day.

7 **Q.** Okay. What is the reason why the retail

8 elect- -- the technical reason why a retail

9 electric supplier could not have the information

10 from the meter on a real-time basis?

11 **A.** Because it doesn't exist right now.

12 **Q.** The meter doesn't have that capability of

13 providing the information on a real-time basis?

14 **A.** Right now, yes.

15 **Q.** Okay. And on your smart grid and SMP

16 projects, will it have that capability?

17 **A.** To -- it will take the real-time

18 information and it will be available to everybody,

19 including ComEd, the next day.

20 **Q.** All right.

21 **A.** If it were real time, then I would have to

22 agree with the premise that the cost would go up.

1 **Q.** Because there'd have been two --

2 **A.** Oh, yeah. It would be -- I couldn't guess

3 how much, but significantly more.

4 **Q.** All right. Page 10, Lines 202 to 203 of

5 your surrebuttal, ComEd Exhibit 38.0.

6 **A.** What were the lines again?

7 **Q.** 202 to 203.

8 **A.** Okay.

9 **Q.** At 203, you use the phrase "utility

10 business case." And in the context of that

11 sentence, what do you mean?

12 **A.** In the context of this sentence, a utility

13 business case looked at the cost and the benefits

14 that would accrue to the Company and customers

15 based on what currently customers pay for.

16 **Q.** All right. And the benefits that you refer

17 to on Line 202 that are not traditionally part of a

18 utility's business case, why are those benefits

19 that Dr. George testified to not usually part of

20 the utility's business case?

21 **A.** Well, my understanding of Dr. George's

22 testimony is that he identified benefits that

1 customers could accrue that are outside what they
2 pay for their utility service.

3 Q. So they would not be considered in the cost
4 benefit analysis conducted by the utility?

5 A. From the utility perspective.

6 Q. Now, at the bottom of Page 8 of your
7 surrebuttal testimony, Lines 170 to 171, you state
8 that, With the Phase 0 deployment, ComEd will be
9 able to confirm the accuracy of these projections.

10 Do you see that sentence?

11 A. No, I'm lost.

12 Q. ComEd Exhibit 38.0, your surrebuttal.

13 A. I got that far. Did you say Page 8?

14 Q. Page 8.

15 A. Okay.

16 Q. Lines 170 to 171.

17 A. Thank you. Oh, sorry. Apparently, you
18 were right.

19 Q. It'd be the first time today.

20 A. How could you even see that far.

21 Okay. I apologize for the delay. Right
22 now, I'm ready.

1 **Q.** All right. You see the sentence I just
2 read to you?

3 **A.** Yes.

4 **Q.** Is it correct -- and I notice you make
5 similar statements throughout your testimony.

6 Is it correct that ComEd will be -- will
7 not be able to confirm the accuracy of the
8 projections it's made with regard to the cost
9 benefits of AMI until it installs AMI?

10 **A.** It would not be able to confirm the
11 accuracy of some of the components of the -- until
12 we see the behaviors.

13 **Q.** Do you know whether it's traditional for
14 the Company to make a capital investment and then
15 to determine whether or not it provides cost
16 benefits?

17 **A.** Well, I don't think that's what this says.

18 **Q.** Okay.

19 **A.** But --

20 **Q.** It says that for some of the -- does it
21 not?

22 **A.** It says to be able to confirm the accuracy.

1 So I believe that the benefits -- the
2 quantifiable benefits have been calculated.
3 Whether it's 10 percent more or 10 percent less,
4 you would not know with certainty until you
5 actually make the changes and see what happens.
6 And that, I think, is probably true for most
7 business case prove-outs.

8 **Q.** Does that mean some of your projections
9 could be inaccurate?

10 **A.** I believe all of our projections have been
11 conservative. So there might be some upside for
12 some of them.

13 The one on the meter readers, we know
14 how many readers we have. We know that we would
15 not have meter readers anymore. We know that they
16 would not need cars. Those are pretty defined.
17 How many telephone calls we don't get might be
18 different than the, I think, 500,000 we calculated.

19 **Q.** So just so I understand, when you use the
20 term "confirm the accuracy here," I'm drawn to the
21 conclusion that there may be projections that in
22 your mind or in the company's mind were inaccurate

1 in some form or fashion and it needs Phase 0 to be
2 deployed in order to confirm the accuracy. And am
3 I misunderstanding?

4 **A.** So we have calculated benefits for the full
5 deployment of AMI and could scale those back to
6 Phase 0. They are accurate and complete at this
7 point in time.

8 The specific -- is it 10,000 or is it
9 11,000, that kind of confirmation you would not
10 have until you actually saw what happened when the
11 system is in deployment.

12 **Q.** Do you know -- this is the last question.

13 Do you know whether or not it was
14 ComEd's position in Docket 05-0597 that as a wires
15 company, ComEd's costs are driven by the need to
16 meet the maximum load of the customers on any
17 portion of the distribution system, regardless of
18 the nature of the customer's usage?

19 **A.** Can you tell me what 05 -- that -- what
20 that docket was?

21 **Q.** That was your last delivery service rate
22 case.

1 **A.** Okay. And then could you repeat the
2 question?

3 **Q.** Sure.

4 Do you know whether or not it was
5 ComEd's position in the last delivery service rate
6 case that as a wires-only company, ComEd's costs
7 are driven by the need to meet maximum load of
8 customers on any portion of the distribution system
9 regardless of the nature of the distribution
10 customer or of the customer's usage?

11 **A.** I think it's somebody else's better
12 qualified to answer that question than me.

13 **Q.** Okay. Maybe I'll ask the person who made
14 that statement.

15 **A.** That might be good.

16 MR. ROBERTSON: Okay. Thanks.

17 Thank you.

18 JUDGE HILLIARD: Next, please.

19 Try to be conscious of your allotted
20 time. We're running a little longer than schedule
21 last couple of witnesses -- last couple of turns.

22

1 CROSS-EXAMINATION

2 BY

3 MR. BALOUGH:

4 Q. Good afternoon. My names is Richard
5 Balough and I represent the CTA. I have a couple
6 questions for you.

7 First of all, pertaining to Phase 0 that
8 you've been talking about, as I read your
9 testimony, it seemed to indicate that you were
10 talking about installing 200,000 meters; is that
11 right.

12 A. Up to 200,000 meters in a single geographic
13 location, yes.

14 Q. And you have not selected that geographic
15 location as of yet?

16 A. We have not.

17 Q. Now, of those up to 200,000 meters, how
18 many of those are going to be residential?

19 A. The location for Phase 0, what we will try
20 to do is select a location that pretty much mimics
21 the service territory in general.

22 So in terms of meters, it's probably

1 90-some-odd percent residential and less than 10
2 percent nonresidential.

3 Q. And will you be breaking that remaining 10
4 percent down by commercial and then by industrial
5 or is it just 90 percent residential and whatever
6 else falls, falls?

7 A. I -- I cannot remember if we went
8 specifically in the nonresidential into how many on
9 our system of each we have. I apologize.

10 Q. How many of those meters, if you know, will
11 be for the railroad class?

12 A. I don't know how many railroad meters we
13 have right now.

14 Q. Will you be installing any of the AMI
15 meters for the railroad class as a part of this?

16 A. Well, through the full deployment, we would
17 install meters for all 4.1 million meters that we
18 have now. That would include railroad meters.

19 Q. Okay. But I was asking about Phase 0.

20 A. Oh, I'm sorry. Phase 0 would depend on the
21 geographic location which has not yet been
22 selected.

1 **Q.** Now, the meters, for example, for the
2 railroad class, they currently give, for example --
3 they capture data on an incremental basis; is that
4 correct?

5 **A.** Correct.

6 **Q.** And it's on a 30-minute incremental basis?

7 **A.** Yes, it is.

8 **Q.** And in the Phase 0, you will be collecting
9 them on -- I'm a little confused because one of
10 your testimony, you said it was 30 minutes and
11 another one, you said it was 15. Which is it going
12 to be?

13 **A.** So I -- here's -- the RFI, the vendors had
14 to submit proposals that showed they were capable
15 of submitting at 15-minute intervals. Phase 0
16 would be at 30-minute intervals because that's what
17 we could technically get to from an IT solution.

18 **Q.** Okay. And you said, I believe, that the --
19 one of the benefits of going to the AMI would give
20 flexibility for customers under the switching
21 rules; is that correct?

22 **A.** Correct.

1 Q. Do you know how often members of railroad
2 class have been involved in switching rules?

3 A. I do not.

4 Q. And you said another benefit was that it
5 would reduce the field trips for enrollment; is
6 that correct?

7 A. Correct.

8 Q. Do you know --

9 A. For enrollment with a retail electric
10 supplier.

11 Q. And do you know how many field trips you've
12 made for the railroad class members?

13 A. I do not.

14 Q. And you were -- the other thing you talked
15 about was that there were benefits because there
16 would be a reduction in the amount of estimated
17 bills; is that correct?

18 A. That is correct.

19 Q. Do you know how many estimated bills were
20 issued in the last 24 months for the members of
21 railroad class?

22 A. I do not know how many submitted bills

1 there have been.

2 I do know that for those customers, if
3 we do not have time periods for every half-hour
4 interval, then manual work is required to go and
5 determine how to get those reads.

6 **Q.** Okay. And you stated that one of the
7 benefits of this AMI program is that customers can
8 move their usage from a higher cost to a lower-cost
9 usage period?

10 **A.** Did I say that?

11 Where did I say that?

12 **Q.** I believe in Exhibit 23 at Page 6, Line
13 130.

14 **A.** Okay.

15 Yes. Okay. Unnecessary usage. Reduce
16 unnecessary usage or move higher-cost usage to
17 lower-cost periods of the day.

18 **Q.** That would be -- so that would work where a
19 customer could, for example, shift their load in
20 some way; is that correct?

21 **A.** Yes.

22 **Q.** So, for example, a manufacturing customer

1 could maybe not put a full shift on during certain
2 parts of the day; is that correct?

3 **A.** That would be one way.

4 **Q.** And when is the -- generally, on the ComEd
5 system, the higher-cost usage periods?

6 **A.** Within a day?

7 **Q.** Yes.

8 **A.** Usually, peak periods are in the afternoon.

9 **Q.** Do you know what time in the afternoon?

10 **A.** I would not be precise. So somebody else
11 would be better to answer that question.

12 **Q.** And would you agree with me that, for
13 example, the railroad class, which has the CTA and
14 Metra, that they have to run their computer trains
15 at the times the commuters want to use them; would
16 you agree with that?

17 **A.** Correct.

18 **Q.** So they would not be able to shift load and
19 tell commuters, well, we want can't pick you up at
20 8:00 in the morning or drop you off at 5:00 in the
21 afternoon; would you agree?

22 **A.** I guess I don't know -- I would assume that

1 they -- you're not able to change customer
2 behavior.

3 Q. Well, let me try it another way.

4 If the CTA started running their full
5 eight-car train sets at 3:00 in the morning and ran
6 them every four minutes, as they do during rush
7 hour, but during rush hour ran no trains, that
8 would not be a benefit to the customers, would it?

9 A. That's correct, but I don't know that rush
10 hours coincide with system peaks.

11 Q. Right.

12 The point is that the CTA certainly is
13 limited in how much it can shift load because of
14 the type of service it provides; would you agree?

15 A. For the running of the trains, I would
16 agree.

17 Q. For tracks and power, yes.

18 JUDGE HILLIARD: You have to say yes, ma'am, or
19 no.

20 THE WITNESS: Okay. Yes.

21 JUDGE HILLIARD: You didn't.

22 THE WITNESS: Yes.

1 BY MR. BALOUGH:

2 Q. Okay. In your testimony, you talk about
3 the home area networks.

4 Now, the home area network, that's on
5 the consumer side of the meter, would that not be?

6 A. That's correct.

7 Q. And they would -- they would connect to
8 smart devices located in the home; is that correct?

9 A. Yes.

10 Q. Now, would ComEd itself connect to the home
11 area network?

12 A. The proposal would be to have a system that
13 would enable -- would support that chip, but it is
14 not our proposal that that chip be part of the
15 meter.

16 Q. Would the chip then have to be installed by
17 the customer at a later point in time?

18 A. Well, could be the customer could be a
19 service provider. Could be that there's another
20 alternative not yet envisioned that would take that
21 service into the home.

22 Q. But that's not a service that ComEd would

1 provide?

2 **A.** Not as far as I know right now.

3 **Q.** And you said in your testimony that,

4 currently, you were not including any provisions

5 for home plugs; is that correct?

6 **A.** I'm sorry. For what?

7 **Q.** Home plug.

8 **A.** I don't think I know what that is.

9 You'll have to --

10 **Q.** Well, if you look at page -- Exhibit 23 at

11 Page 12, Line 256, I think you talk about it.

12 **A.** I said home plug?

13 Oh, I'm sorry. Home plug or -- I'm used

14 to -- right. Yes. It's a product. Correct, we

15 are not.

16 **Q.** And home plug is an Ethernet class type

17 network, is it not?

18 **A.** That, I don't know. I couldn't tell -- I

19 couldn't -- I don't know the specifics. I just

20 know what the technology enables.

21 **Q.** Okay. And, likewise, Zigby (phonetic),

22 that is a wireless solution?

1 **A.** Right. They're communications devices,
2 yes.

3 **Q.** And they're wireless; is that correct?

4 **A.** I assume they are. I do not know.

5 **Q.** You don't know?

6 Now, is it possible, for example, if you
7 start talking about using Zigby, your other
8 programs, that you could combine, for example,
9 electric, gas and water meters for reading?

10 **A.** I don't know that you need that technology
11 to do that.

12 **Q.** Well, let me phrase it a different way.

13 Has ComEd talked to, for example, either
14 the gas or water suppliers in the area to have
15 smart meters for all three in one?

16 **A.** Yes, we have -- well, we have talked with
17 the City water department. We have talked with
18 representatives from NI-Gas, Nicor. We have not
19 talked with Peoples.

20 We have been exploring the possibility
21 of having the communication infrastructure as part
22 of the AMI technology that would allow that.

1 **Q.** And would there be then a cost sharing with
2 the other utilities?

3 **A.** We haven't gotten that far on the
4 discussions.

5 **Q.** And the AMI technology that you're talking
6 about in this case, that would allow broadband
7 access; is that correct?

8 **A.** One of the proposals was -- included
9 broadband.

10 **Q.** And is it a proposal that ComEd has -- I'm
11 not sure whether it's on or off the table -- the
12 one you talk about, does that have the broadband
13 capability?

14 **A.** The -- the proposal that we modeled
15 supports an architecture that would enable other
16 components of the small grid. I cannot remember
17 specifically if it is broadband, but it is a robust
18 technology.

19 **Q.** And as part of that robust technology with
20 broadband, if broadband is offered, would that be
21 as part of the regulated or unregulated portion of
22 the ComEd system?

1 **A.** Well, we haven't gotten anywhere near
2 making that decision of, you know, what the
3 infrastructure is.

4 **Q.** And I believe in your testimony, you say
5 that under Phase 0, the number of meter readers
6 will be reduced by 20 during the implementation; is
7 that right?

8 **A.** Approximately 20, yes.

9 **Q.** And that would be a corresponding reduction
10 in the number of vehicles that would be operated?

11 **A.** Correct.

12 **Q.** And I believe you say that when the
13 deployment of AMI is complete, the ComEd fleet of
14 vehicles will be reduced by over 400; is that
15 right?

16 **A.** That's right.

17 **Q.** And I think you testified that the
18 elimination of 400 vehicles is an environmental
19 benefit of AMI?

20 **A.** That's correct. I did.

21 **Q.** And fewer vehicles on the road mean reduced
22 fossil fuel emissions?

1 **A.** Yes.

2 **Q.** And, in fact, you quantified that. You
3 said that eliminating just one vehicle removes 2.7
4 metric tons of CO₂ of each year; is that right?

5 **A.** I believe that's correct.

6 **Q.** So you would agree then that each vehicle
7 taken off the road or not driven, for example, for
8 commuting would reduce CO₂ and greenhouse gases as
9 well?

10 **A.** I would assume this would be true.

11 JUDGE HILLIARD: Is this direct or cross? I
12 mean, I don't -- what's your point here?

13 MR. BALOUGH: What's my point? My point is --
14 let me just ask the last question.

15 BY MR. BALOUGH:

16 **Q.** In ComEd's -- would you agree then that
17 the -- any proposal that would keep, for example,
18 mass transit from having to increase their -- their
19 rates in response to ComEd would have an
20 environmental benefit similar to what you're
21 talking about in your testimony?

22 **A.** I'm not sure the link to the subject of my

1 testimony, but that sounds true.

2 MR. BALOUGH: Okay. That's all I have.

3 JUDGE HILLIARD: Next, please.

4 CROSS-EXAMINATION

5 BY

6 MR. FOSCO:

7 Q. Good afternoon, Ms. Clair.

8 A. Hi.

9 Q. Carmen Fosco on behalf of staff. I have
10 just a few questions. I think a lot of my
11 questions are resolved by what I think I heard you
12 say earlier.

13 It's your understanding that ComEd is
14 not proposing approval of the specific smart grid
15 projects; is that correct?

16 A. Correct.

17 Q. When you were questioned by Ms. Lusson, you
18 had a couple of questions about Phase 0 and how
19 that might work into the new two-year process.

20 Could Phase 0 be a two-year project
21 or -- it's currently a one -- let me ask it this
22 way:

1 Currently, Phase 0 is a one-year
2 project, correct?

3 **A.** That's correct.

4 **Q.** Could it be a two-year project?

5 **A.** I'm not sure what -- what you mean.

6 **Q.** Well, could Phase 0 be a plan that takes
7 two years instead of just one year?

8 **A.** The -- the way we have envisioned it, the
9 deployment would be over a four- or five-month
10 period, and then there would be an amount of time
11 to gather and analyze -- and analyze the data.

12 Through the stakeholder process, that
13 could be longer or shorter. However, you get into
14 the position of some customers having the
15 technology and not others.

16 **Q.** Okay. Thank you.

17 I believe you also testified -- I wasn't
18 sure if it was limited to the AMI project or all
19 the smart grid projects, but I believe you said it
20 was your understanding they were not submitted to
21 ComEd's capital budget process?

22 **A.** What I said was for the AMI project, we've

1 got -- we obtained approval of the ComEd management
2 committee to do the work for the business case; but
3 since we have not asked to proceed with the
4 project, we've not taken it through the capital
5 budgeting process.

6 Q. Okay. Was a proposal ever made to consider
7 it -- to consider AMI outside of Rider SMP?

8 A. In this year?

9 Q. In any prior year.

10 A. Yeah. So the 2005 business case, which
11 actually was more of an AMR than an AMI, but it was
12 a business case, nonetheless, in the beginning
13 stages of the budgeting process was submitted with
14 a cost benefit analysis that existed at the time
15 and it was not approved.

16 MR. FOSCO: Okay. Thank you.

17 I have no further questions.

18 JUDGE HILLIARD: Next, please.

19 CROSS-EXAMINATION

20 BY

21 MR. TOWNSEND:

22 Q. Good afternoon, Ms. Clair.

1 **A.** Hi.

2 **Q.** Chris Townsend appearing on behalf of the
3 coalition to Request Equitable Allocation of Costs
4 Together or REACT.

5 Are you familiar with REACT?

6 **A.** I've heard the name.

7 **Q.** And you know that REACT includes some of
8 ComEd's largest customers as well as retail
9 electric suppliers who are interested in serving
10 small commercial and residential customers?

11 **A.** Actually, I didn't, but I'll accept that
12 that's what it is.

13 **Q.** Okay. Would you agree that ComEd favors
14 the development of a competitive retail electric
15 market?

16 **A.** Yes.

17 **Q.** Would you agree that avoiding unnecessary
18 cross subsidies among classes is an important part
19 of fostering a healthy competitive market?

20 **A.** I actually can't answer that.

21 **Q.** One of the aspects of a competitive market
22 that ComEd has recognized is that a competitive

1 market encourages technological innovation,

2 correct?

3 A. Yes.

4 Q. Would you agree that, particularly, for

5 ComEd's largest customers in Illinois, there's been

6 an active and robust competitive market for

7 electricity for some number of years now?

8 A. Yes, I would.

9 Q. And many of those large customers have

10 embraced various technological innovations, haven't

11 they?

12 A. That, I don't know.

13 Q. You don't know whether or not large

14 customers have invested in technological

15 innovations?

16 A. Correct. I don't.

17 Q. Can you turn to your surrebuttal testimony

18 at Lines 250 through 254, please. Let me know when

19 you're there.

20 A. I have it.

21 Q. Line 250 to 254.

22 A. 250 to 254.

1 MR. RIPPKE: Thank you.

2 BY MR. TOWNSEND:

3 Q. There, you suggest that Mr. Fults'

4 references to larger customers --

5 A. Right.

6 Q. -- that have installed --

7 A. Advanced metering.

8 Q. Advanced metering.

9 A. I didn't think advanced metering equipment

10 when you used the general term "invest in

11 technologies."

12 Q. Okay. So would you amend your answer now?

13 Would you agree then that --

14 A. I would agree that larger customers have --

15 have invested in advanced metering technologies

16 certainly more than residential customers have.

17 Q. All right. And in your surrebuttal

18 testimony, you testify that few residential and

19 small commercial customers have any equipment

20 outside of their standard meter, correct?

21 A. That's correct.

22 Q. And you pointed out that the residential

1 and small commercial customers represent
2 approximately 99 percent of the customer
3 population, right?

4 A. Yes.

5 Q. So 99 percent of the customer population
6 does not have any advanced metering equipment of
7 any kind, correct?

8 A. That's what would follow, yes.

9 Q. So 99 percent of the customer population
10 has never invested a cent in advanced metering
11 equipment, correct?

12 A. If that's what that says.

13 Q. And would you agree that installation of
14 that kind of technology can be expensive?

15 A. Well, it depends.

16 Q. It can be expensive, right?

17 A. Yes.

18 Q. In terms of paying for Rider SMP or paying
19 the charges under Rider SMP for the AMI project,
20 the larger customer that previously invested in
21 advanced metering technology and a customer that
22 never invested a cent are both treated the same,

1 correct?

2 **A.** I'm not sure what you mean by that.

3 **Q.** Under Rider SMP as proposed by ComEd -- you
4 understand that rider, correct?

5 **A.** Yes.

6 **Q.** A customer who has already invested in
7 advanced metering technology is treated identical
8 to a customer who has not installed advanced
9 metering technology, correct?

10 **A.** I don't think so.

11 **Q.** Is there a credit that would be given to a
12 customer who's already installed advanced metering
13 technology?

14 **A.** Well, I don't know that there's a credit,
15 but the -- if the metering technology is deployed
16 across all 4 million -- 4.1 million meters, then
17 absent riders that exist for a different reason,
18 the rider to get the AMI meter would be the same
19 for all customers.

20 And I don't think -- I don't know that
21 larger customers would continue to pay for some of
22 the things that they pay for today with them, I

1 guess.

2 Q. You don't know if they would pay for things
3 that aren't tariffed, do you?

4 A. I don't understand the question.

5 Q. When you said that they wouldn't pay for
6 other things, what is it that you're talking about?

7 A. So if they paid equipment -- if they paid
8 metering charges today for the metering equipment
9 that they have, when all 4.1 million customers have
10 the new AMI technology and they are all paying for
11 that, I would assume that those customers are not
12 paying for the technology -- the metering equipment
13 that they have today.

14 Q. So they would be forced to give up the
15 existing technology that they're used to in order
16 to take the service under Rider SMP's AMI project?

17 A. Well, I don't believe that the -- I believe
18 the AMI technology will give them the same
19 functionality that they have today and the
20 increased benefits that come from the AMI
21 technology.

22 But I have no opinion on whether or not

1 a customer would not be allowed to do something
2 under a different tariff that they do today.

3 Q. Customers have been have installed advanced
4 metering not just through ComEd, correct? They've
5 installed it through other suppliers as well?

6 A. Advanced metering?

7 Q. Yes. They can install advanced metering on
8 their side --

9 A. On their side, yes.

10 Q. And a number have done that, correct?

11 A. I would have no knowledge of that.

12 Q. If a customer has installed advanced
13 metering on its side of the meter, that customer's
14 treated the same under Rider SMP's AMI project as a
15 customer that has not installed advanced metering
16 on its side of the meter, correct?

17 A. Well, from a utility perspective, our
18 service stops at the meter. So anything that the
19 customer does that's past our equipment I would
20 really not have a comment on.

21 Q. Yeah, and I'm not asking you to comment on
22 it. I'm just asking if that customer is treated

1 the same under Rider SMP regardless of whether or
2 not it has installed advanced metering equipment on
3 its side of the meter?

4 A. The -- all customers would be treated the
5 same in terms of their metering equipment --

6 Q. And their charges, correct?

7 A. -- on the ComEd -- ComEd-provided
8 equipment.

9 Q. There's no discount for a customer who has
10 installed advanced metering on its side of the
11 meter, correct?

12 MR. RIPPPIE: The question has been asked and
13 answered.

14 MR. TOWNSEND: I agree it's been asked. I'm not
15 sure that it's been answered.

16 MR. RIPPPIE: Yeah, it was.

17 MR. TOWNSEND: Can you stipulate to the answer,
18 Mr. Rippie?

19 Is the answer that there is no discount?

20 MR. RIPPPIE: She said that she wasn't aware of
21 it. And, you know, frankly, we're spending a lot
22 of time about rate design, which is not the scope

1 of Ms. Clair's testimony.

2 I haven't objected yet, but I'm going to

3 next.

4 JUDGE HILLIARD: I think you made your point,

5 Mr. Townsend.

6 BY MR. TOWNSEND:

7 Q. This morning, Mr. Mitchell testified that

8 ComEd's rates should be designed to be fair. Do

9 you agree that ComEd's rates should be designed to

10 be fair?

11 A. Yes.

12 Q. Did ComEd present any analysis of the types

13 of systems that ComEd's larger customers have

14 already installed, the advanced metering systems?

15 A. I don't understand the question.

16 Q. Did ComEd present any study or analysis of

17 the types of advanced metering systems that ComEd's

18 larger customers already have installed?

19 A. You mean in this rate case?

20 Q. Yes.

21 A. I -- I really only know about the AMI and

22 demand response portions of the SMP rider. I am

1 not the right person to answer about any other
2 studies.

3 Q. Are you generally familiar with ComEd's
4 original competitive declaration proceeding,
5 Docket 02-0497?

6 A. The -- I'm generally familiar. You'd have
7 to remind me of -- this is over-one-meg customers?

8 Q. The over-three-meg customer.

9 A. Over-three meg.

10 Q. In that proceeding, ComEd was seeking to
11 discontinue its obligation to provide standard
12 bundled service to customers with demands over
13 three megawatts, correct?

14 A. That's what competitive declaration
15 (phonetic) is, yes.

16 Q. And in making that request in 2002, ComEd
17 maintained that the over-three-megawatt customers
18 had taken active steps to better understand and
19 manage their electricity usage, correct?

20 A. I have no idea. I haven't read the -- I
21 have not read that case.

22 Q. Were you familiar with that case at the

1 time it was presented?

2 **A.** I don't think, in 2002, I was in a job that
3 was -- had intimate knowledge of regulatory
4 proceedings.

5 **Q.** Are you familiar with Rider CB,
6 consolidated billing?

7 **A.** Yes, I am.

8 **Q.** When was that first introduced?

9 **A.** I can't answer that. '90s. Sometime in
10 the '90s.

11 **Q.** If I presented you with the tariff for
12 Rider CB, would that refresh your recollection?

13 JUDGE HILLIARD: Why don't you give her a date
14 subject to check.

15 BY MR. TOWNSEND:

16 **Q.** Would you accept, subject to check, that it
17 was effective as of September 6th, 1996?

18 **A.** Yes, I would.

19 **Q.** And would you agree that Rider CB allowed
20 ComEd to treat geographically disbursed customers
21 with many separate locations as a single customer?

22 **A.** Yes, I would.

1 **Q.** And did ComEd continue Rider CB following
2 the passage of the 1997 Act?

3 **A.** Yes, I believe it did.

4 **Q.** Can you turn to your surrebuttal testimony
5 at Lines 293 to 99 and let me know when you're
6 there.

7 **A.** Okay.

8 **Q.** And there, you're responding to Mr. Fults'
9 claim that the demand response SMPs are
10 duplicative, correct?

11 **A.** Correct.

12 **Q.** And Mr. Fults testified that, quote, Many
13 nonresidential customers are already participating
14 in PJM's demand response programs through either
15 ComEd or retail energy suppliers, correct?

16 **A.** Yes.

17 **Q.** And then your response to that is -- the
18 question asks, Is he correct? And you respond, No.

19 Now, do you disagree with the factual
20 statement that many nonresidential customers are
21 already participating in PJM's demand response
22 programs?

1 **A.** I disagree that the DR SMPs are
2 duplicative.

3 **Q.** Okay. But you do believe that many
4 nonresidential customers are already participating
5 in PJM's demand response programs, correct?

6 **A.** Well, resident -- or our nonresidential
7 customers are participating in them. I don't -- I
8 don't know about many.

9 **Q.** Do you know one way or another the number?

10 **A.** No, I just know that there are
11 participants.

12 **Q.** Is there a witness that you can think of
13 that would be able to respond to that?

14 **A.** I don't know.

15 **Q.** Okay. You're not familiar with the
16 contracts between nonresidential customers and
17 their RESes, are you?

18 **A.** Between nonresidential customers and their
19 RESes? No.

20 **Q.** So when you say in that answer that
21 customers already participating in demand response
22 programs won't benefit as a result of avoided

1 energy purchases and reduced energy charges, you're
2 not basing that upon actual knowledge of their
3 contract, correct?

4 **A.** Correct. I don't have knowledge of their
5 contract.

6 **Q.** Is it possible that customers who have a
7 contract with a RES might not see any benefit?

8 **A.** I don't know.

9 **Q.** So you don't know whether customers who are
10 already participating in demand response programs
11 will benefit as a result of avoided energy
12 purchases and reduced capacity charges?

13 **A.** I'm sorry. Is your question about the
14 specific customers who are taking service from a
15 RES?

16 **Q.** Yes.

17 **A.** So I've testified that since I don't know
18 what their contracts are, I don't know the impact
19 on their energy purchase price cost.

20 **Q.** And you, likewise, don't know the impact on
21 their capacity charges, correct?

22 **A.** Correct.

1 **Q.** To the extent that there are system
2 benefits to demand response, would you agree that
3 the larger customers who already have demand
4 response programs are already providing those
5 system benefits?

6 **A.** For themselves, yes.

7 **Q.** As well as for the system as a whole,
8 correct?

9 **A.** Correct.

10 **Q.** Would you agree that as more load is added
11 to curtailment programs, all else being equal, that
12 the per-megawatt value of the curtailable load
13 decreases?

14 **A.** I'm sorry. Could you say the last part
15 again?

16 **Q.** It's a question with regards to supply and
17 demand. If there's more --

18 **A.** No, I just didn't -- the question --

19 **Q.** I'm sorry.

20 So that the question was, would you
21 agree that as more load is added to a curtailment
22 program, all else being equal, the per-megawatt

1 value of the curtailable load decreases?

2 **A.** I would agree.

3 **Q.** Can you turn in your surrebuttal testimony

4 to Lines 311 through 332. Let me know when you're

5 there.

6 **A.** I'm there.

7 **Q.** And there, you comment on the allocation of

8 what React witness Mr. Merola calls customer care

9 costs, correct.

10 **A.** Correct.

11 **Q.** And these costs are the costs related to

12 billing, customer support, call center operations,

13 credit and collections, correct?

14 **A.** That's correct.

15 **Q.** Has ComEd performed any analysis regarding

16 how other utilities allocate between their supply

17 customers and delivery services customers?

18 **A.** I have not.

19 **Q.** Do you know of any other witness that has?

20 **A.** Not to my knowledge.

21 **Q.** Is it your position that customer care

22 costs are necessary delivery services costs?

1 **A.** Absolutely.

2 **Q.** Is it your position that 100 percent of the
3 customer care costs are attributable to the
4 delivery services function?

5 **A.** Of the customer care cost?

6 **Q.** Yes.

7 **A.** I'm sorry. And by "customary care," you
8 mean -- you mean the whole inclusion of things or
9 you mean call center services?

10 **Q.** Again, I believe that call center services
11 were included within the definition of customer
12 care costs. To the extent they are not, then --

13 **A.** Right. Did I call these customer care
14 costs?

15 (Change of reporters.)

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1 (Whereupon, there was
2 a change in reporter.)

3 Q. The reference again, Line 316, is in
4 reference --

5 A. Oh, those are what Mr. Merola called
6 customer care costs.

7 Q. That's --

8 A. Okay. So by that definition, which in my
9 answer really says all the customer service costs
10 included, 100 percent of the costs that are
11 included, are required to support delivery
12 functions?

13 Q. So is it your position that 100 percent of
14 the customer care costs are properly attributed to
15 the delivery services function?

16 A. Yes.

17 Q. And 0 percent of the customer care costs
18 are attributed to the supply function?

19 A. Well, 100 percent of the costs are
20 necessary for the delivery service function, so
21 that's it.

22 So 100 percent of those costs are

1 required for delivery service functions.

2 Q. So is it your position that there are no
3 increased costs to ComEd, not even a di minimus
4 increase in cost associated with providing
5 procurement services?

6 MR. RIPPKE: Asked and answered.

7 JUDGE HAYNES: Sustained.

8 BY MR. TOWNSEND:

9 Q. Let's assume for purposes of this inquiry
10 that ComEd has absolutely no obligation for
11 procuring power for its customers.

12 So ComEd's sole obligation is to provide
13 delivery services, wire services. Okay?

14 And let's assume that under the
15 scenario, ComEd's customer care costs is exactly
16 \$100 million. All right? Are you all right with
17 that premise for that hypothetical?

18 A. Yes.

19 Q. You're saying that if ComEd had to provide
20 distribution services plus supply-related services,
21 that customer care costs would remain at exactly
22 \$100 million?

1 **A.** I think the only change would be in the
2 information technology support cost.

3 **Q.** So this is a change to your answer from
4 earlier that there is some customer care costs
5 that's appropriately attributed to the supply cost?

6 **A.** So in the question and answer on Line 316
7 to Line 318, the definition of customer care cost
8 did not include the information technology support
9 cost, does it?

10 **Q.** I don't see where you draw that
11 distinction. Can you point that out to me?

12 **A.** Well, I didn't.

13 That's why when you went back and
14 rephrased it starting with the costs that are there
15 and asked me if there would be any increase, I said
16 IT support would increase.

17 I believe by the chart of accounts that
18 IT support costs for the customer system are part
19 of the customer costs.

20 **Q.** Let's turn the hypothetical around now.

21 Let's start out with the assumption that
22 ComEd has both the procurement function and the

1 delivery services function as both.

2 As both of them today, and its customer
3 care costs are \$100 million annually. Okay?

4 For this hypothetical, let's assume that
5 tomorrow, the delivery services function disappears
6 from ComEd, and ComEd still has to procure
7 electricity for all of its customers, as it does
8 today, but it no longer owned and operated and
9 maintained the distribution system.

10 Is it your position that ComEd's
11 customer care costs would be zero with the
12 exception of information technology costs?

13 A. I don't understand the question.

14 Q. Which part don't you understand?

15 A. So they have procurement responsibility for
16 what? To --

17 Q. For all of the same customers that they do
18 today?

19 A. Okay. Based on what?

20 Q. Does that make a difference?

21 A. Well, it does, yes, because, you know, the
22 delivery business is based on usage.

1 Most of the customer systems that are
2 here are here to -- support taking that usage and
3 translating it into prices, so I couldn't tell you
4 what the procurement costs would be without knowing
5 what the model is for how the -- you know, what we
6 have to support.

7 **Q.** So you would have to know the usage for the
8 customer, right?

9 **A.** It's your hypothetical. Would yours be
10 based on usage?

11 **Q.** Do you currently need to know usage in
12 order to be able to bill for procurement?

13 **A.** For procurement and delivery, yes.

14 **Q.** So that's not changing in the hypothetical.
15 Okay?

16 **A.** Okay.

17 **Q.** Just as now with procurement, you have to
18 know the usage information, so too, underneath the
19 hypothetical. Okay?

20 **A.** Auh-huh.

21 **Q.** So in that situation where ComEd is just
22 supplying the power, is just procuring the power,

1 is it your testimony that the only cost that ComEd
2 would have in terms of customer care is information
3 technology costs?

4 **A.** There would be some costs, but the
5 hypothetical doesn't make any sense to me, so the
6 answer to what you have presented saying that you
7 need usage to do this would mean there would be
8 some costs for the system, but I don't understand
9 how that situation would exist.

10 **Q.** You don't understand how you would have a
11 supply function separate from a delivery services
12 function?

13 **A.** Well, currently, we don't.

14 I mean, in the non hypothetical world we
15 have a -- we supplied -- or we have customer costs
16 for delivery and for supply.

17 **Q.** Right. And in the hypothetical, you
18 separate that there's a supply function and a
19 delivery services function?

20 **A.** But in your hypothetical, you made none on
21 the other and that's not what's realistic.

22 **Q.** Isn't it possible to have one company that

1 would provide the wire service and one company that
2 would procure the energy?

3 A. Yes.

4 Q. Okay. That's the hypothetical.

5 A. Okay. And I am the procurement person?

6 Q. You are the procurement, yes.

7 A. Then, yes, I will have to have incur costs
8 to have to provide that function.

9 Q. Okay. And one of the costs that you would
10 incur to provide that function would include
11 customer care costs?

12 A. Correct.

13 Q. And those customer care costs would go well
14 beyond just information technology costs, correct?

15 A. Yes.

16 Q. What types of costs would those be?

17 A. All of the ones that we have currently, if
18 I were in that business.

19 Q. What is Account 903, do you know?

20 A. I don't have it memorized. 900s are
21 usually customer care costs, but I don't know the
22 numbers.

1 Q. Would you accept, subject to check, that
2 Account 903 is customer records and collection
3 expenses?

4 A. I would.

5 Q. And that is a customer care account,
6 correct?

7 A. Yes.

8 Q. And in this case, ComEd originally proposed
9 a supply administration charge, correct?

10 A. In this proceeding?

11 Q. Yes.

12 A. I don't -- again, I know the cost portion
13 of it. I don't know how that translates --

14 MR. RIPPPIE: Beyond the scope of her testimony.
15 There is a witness who testifies in detail about
16 SAC in the record and what happened to it after
17 direct. It's not Ms. Clair.

18 BY MR. TOWNSEND:

19 Q. Well, you know about the costs associated
20 with supply administration, though, correct? And
21 that's your testimony?

22 A. My testimony?

1 **Q.** Yes, the cost --

2 **A.** No.

3 **Q.** -- the cost allocation between supply and

4 delivery services? That's what you're testifying

5 about when you were responding to Mr. Merola,

6 correct?

7 **A.** Well, my testimony covers the customer

8 costs that are associated with delivery service.

9 **Q.** Okay. And you also suggest that there are

10 not customer costs associated with the procurement

11 side, correct?

12 **A.** I believe my testimony is that the customer

13 costs that we incur are delivery service costs.

14 **Q.** Okay. Do you have a copy of ComEd Exhibit

15 12.3 that was attached to Mr. Alongi's testimony?

16 **A.** No.

17 MR. TOWNSEND: If I may approach.

18 JUDGE HILLIARD: Your allotted time is almost

19 up.

20 MR. TOWNSEND: I have to admit, your Honor, that

21 I thought some of those questions were going to go

22 a little bit faster.

1 (Whereupon, REACT Clair Cross Exhibit No. 8 was
2 marked for identification.)

3 BY MR. TOWNSEND:

4 Q. I'm handing you what's being marked as
5 REACT Cross-Exhibit 8 just for reference. We won't
6 move this into evidence, but just so that the
7 record is clear and that is ComEd Exhibit 12.3, The
8 Determination of Supply Administration Charges For
9 Fixed-Price Customers, or if you prefer, you can
10 pull out your own copy.

11 I ask you to turn to Page 3 of 6.

12 Are you there?

13 A. I am.

14 Q. And the second note is SAC-related cost in
15 Electric Supplier Services Department.

16 Do you see the reference to Account No.
17 903?

18 A. Yes.

19 Q. And there it's suggested in the second
20 column that the 2006 SAC costs in 903 were
21 \$112,483.00, correct?

22 A. 2006 cost in SAC, yes.

1 **Q.** What was the basis for allocating that
2 amount to the supply function?

3 MR. RIPPIE: Beyond the scope of the witness'
4 testimony. I'm not even sure she's ever seen the
5 document.

6 MR. TOWNSEND: If she doesn't know, she doesn't
7 know. She did suggest she's familiar with the
8 allocation and what is appropriate and not
9 appropriate. Minimally, it's impeachment of the
10 witness.

11 MR. RIPPIE: I disagree with you.

12 And I get to object when you're beyond
13 the scope. I don't have to wait for my witness to
14 tell you she hasn't seen the document before.

15 MR. TOWNSEND: It's their testimony.

16 MR. RIPPIE: Of Mr. Alongi and Dr. Jones.

17 JUDGE HILLIARD: Sustained.

18 BY MR. TOWNSEND:

19 **Q.** Have you ever seen this document before?

20 **A.** No.

21 **Q.** Did you know that there were proposed costs
22 allocated to --

1 (Whereupon, there was
2 a brief interruption
3 by telephone.)

4 JUDGE HILLIARD: Please repeat your last
5 question, Mr. Townsend.

6 BY MR. TOWNSEND:

7 Q. So you were unaware that ComEd in this case
8 had proposed to allocate some 903 costs to the
9 supply function?

10 A. I was unaware.

11 The Electric Supplier Services
12 Department is not one of the departments in the
13 customer operations, so I would really have had no
14 reason to know.

15 Q. Is it your testimony that employees in the
16 Call Center do not have to be trained any
17 differently to answer questions related to supply
18 than they do to answer questions for delivery
19 services?

20 A. That would be my testimony, yes.

21 Q. So for if a residential customer calls up
22 the ComEd Call Center and asks, "How does ComEd

1 procure power for me and all other residential
2 customers?" Do you believe that the Call Center
3 employee would be able to answer that question?

4 A. Yes.

5 Q. And under ComEd's current accounting
6 system, that employee's salary is completely
7 recorded as a delivery services expense, correct?

8 A. Correct.

9 Q. And the cost of the software to establish
10 the Call Center is 100 percent delivery services,
11 correct?

12 A. It's my understanding, yes.

13 Q. The training time for the Call Center
14 employee to know how to answer that question, 100
15 percent delivery services, correct?

16 A. Correct.

17 Q. The building that the Customer Call Center
18 is in, 100 percent delivery services?

19 A. I assume.

20 Q. The underlying real estate, 100 percent
21 delivery services?

22 MR. RIPPIE: We're way beyond the testimony.

1 You're down to general plant, Counsel.

2 BY MR. TOWNSEND:

3 Q. All costs associated with that employee
4 answering that question are delivery services costs
5 underneath ComEd's system, correct?

6 A. Yes.

7 MR. TOWNSEND: No further questions.

8 JUDGE HILLIARD: Next questioner please.

9 MS. FONNER: I have not made my appearance yet
10 for the record today. If I might do that first,
11 your Honors.

12 Cynthia Fonner, Constellation New
13 Energy, Inc., 550 West Washington, Suite 300,
14 Chicago, Illinois 60661.

15 CROSS-EXAMINATION

16 BY

17 MS. FONNER:

18 Q. Good afternoon, Ms. Clair.

19 A. Good afternoon.

20 Q. I want to turn to your rebuttal testimony,
21 if you would. I'm on Exhibit 23. Page 7 at Lines
22 136 to 140.

1 **A.** Okay.

2 **Q.** That indicates that in Phase Zero, ComEd
3 anticipates that 30-minute data will be provided on
4 a daily basis, correct?

5 **A.** Yes.

6 **Q.** And my understanding from your discussion
7 with Mr. Robertson earlier that it is your intent
8 that ComEd would receive those 30-minute interval
9 data at the same time that RESs do the following
10 day; is that correct?

11 **A.** That's correct.

12 **Q.** You had indicated that the increment of
13 data may change after Phase Zero to be either
14 15-minute or hourly data?

15 **A.** Those were examples, but, yes, that's what
16 my testimony says.

17 **Q.** And what would be the considerations of the
18 results of Phase Zero that would lengthen the time
19 period, the interval, that you would provide that
20 data to RESs and curtailment providers?

21 **A.** Through Phase Zero, we will get actual
22 customer behavior in response to these signals.

1 It was my thought that, as I said, it
2 could be 15 minutes or an hour that we, really
3 meaning the stakeholders, including our retail
4 electric suppliers, saw what customer behavior was,
5 it would be input for whether more frequent
6 intervals are needed or whether less frequent
7 intervals might satisfy the customer and the
8 market.

9 **Q.** And would that be true for the time period
10 in which that data was provided, such that ComEd
11 would consider providing the data more frequently
12 than the following day?

13 **A.** That, actually, would be a subject of
14 discussion, too; although, as I said in my previous
15 answer, there are significant costs attached to
16 moving that timetable up.

17 **Q.** But Commonwealth Edison is not foreclosed
18 from that possibility and would be willing to
19 discuss that with all the stakeholders in the
20 collaborative process should the ICC order that?

21 **A.** Yes.

22 **Q.** Moving to your surrebuttal testimony, if

1 you would, ComEd Exhibit 38 on Page 11, Lines 236
2 to 240. At that point you talk about:

3 "Its ComEd's intention to
4 provide the data at no additional
5 cost to our customers during
6 Phase Zero."

7 That is true for retail electric
8 suppliers, as well; is that correct?

9 **A.** Yes.

10 **Q.** And by saying "Phase Zero," are you
11 suggesting that Commonwealth Edison would charge
12 its customers, retail electric suppliers or
13 curtailment providers, beyond Phase Zero for that
14 data?

15 **A.** No. That was actually -- it is not free of
16 charge today in all instances, so in Phase Zero, it
17 would be provided free of charge.

18 **Q.** And beyond Phase Zero, Phase 1 then, you
19 would be charging customers for access to data that
20 they were essentially paying for through Rider SMP?

21 **A.** Sorry. I'm not communicating.

22 The reference for free of charge in

1 Phase Zero meant in contrast to today some
2 customers pay for that information.

3 When we roll -- when we begin the
4 roll-out of AMI, that data would be free of charge.

5 Q. And in subsequent deployments, if you will,
6 that data would still be free of charge?

7 A. Yes.

8 MS. FONNER: May I approach?

9 JUDGE HILLIARD: Yes.

10 (Whereupon, CNE Deposition Cross Exhibit No. 1 was
11 marked for identification.)

12 BY MS. FONNER:

13 Q. You have before you what is marked CNE
14 Exhibit Cross 1, which is ComEd's response to CNE
15 Data Request 1.02.

16 Do you see that?

17 A. Yes.

18 Q. The partial response under Subpart B
19 indicates that:

20 "Access to functionality by
21 customers and agents including
22 authorized suppliers may require

1 the use of particular compatible
2 technology, hardware, software,
3 et cetera. This will vary by
4 each specific function provided."

5 Do you see that?

6 **A.** I do.

7 **Q.** Do you -- I believe you indicated to
8 Mr. Townsend that it was ComEd's intent that any
9 deployment be competitively neutral; is that
10 correct?

11 **A.** Yes.

12 **Q.** And would you agree that the technology
13 software and hardware is something that would be of
14 import to retail electric suppliers and curtailment
15 providers?

16 **A.** Yes.

17 **Q.** Would you, therefore, agree that the
18 selection of that platform; such as, the
19 technology, hardware, and software for Phase Zero
20 should be with the needs of retail electric
21 suppliers and curtailment providers in mind?

22 **A.** That would be one of the criteria.

1 MS. FONNER: Thank you.

2 Nothing further.

3 JUDGE HILLIARD: Next questioner please.

4 MS. SODERNA: CUB will not need to do any cross.

5 JUDGE HILLIARD: Thank you.

6 Next questioner please.

7 CROSS-EXAMINATION

8 BY

9 MR. COFFMAN:

10 Q. Good afternoon, my name is John Coffman.

11 I am representing AARP here today. I?

12 A. Okay.

13 Q. Would it be fair to say, Ms. Clair, that

14 many of the benefits that you describe in your

15 testimony, that is benefits to customers, would

16 require those customers to purchase some product or

17 enroll in some program?

18 A. No, it would not be necessary.

19 Q. Are there any of the benefits that you

20 describe requiring a customer to take any action in

21 order to take advantage of that benefit?

22 A. Well, "take any action" is a pretty broad

1 term.

2 In order to get some of the benefits
3 that would be created by the additional
4 information, a customer might have to take actions
5 to alter their usage to gain benefit from it.

6 Q. Are any of the benefits described in your
7 testimony benefits that would also be -- would
8 involve an additional fee or charge to ComEd in
9 order to take advantage of that benefit?

10 A. It would only be whatever the tariff amount
11 of the SMP relative to AMI would be.

12 Q. In preparing for this case, did you do any
13 research on other utilities that have invested in
14 AMI or Smart Grid technologies?

15 A. We've had discussions with people from
16 other utilities, yes.

17 Q. Are you aware of any other utility that has
18 a tariff with a single-issue ratemaking mechanism,
19 such as the SMP?

20 MR. RIPPKE: I object to the legal
21 characterization.

22 JUDGE HILLIARD: She can answer, if she knows

1 the answer.

2 THE WITNESS: I did not -- I discussed operating
3 costs and functionality, not cost recovery.

4 BY MR. COFFMAN:

5 Q. Okay. Let me direct you to your
6 Supplemental Direct Testimony, ComEd Exhibit 16.0.

7 On Page 1, Lines 21 to 22, you list a
8 benefit of enabling customers to make smarter
9 energy choices and take advantage of new
10 competitive products and services coming to the
11 market.

12 Can you describe for me by what you mean
13 by "new competitive products"?

14 A. Well, actually I've not defined those,
15 because they would be the new ones that would be
16 coming to the market. We don't have any in mind.

17 Q. As yet unknown, is what you're saying?

18 A. Correct.

19 Q. I want to direct you to Page 10 of this
20 testimony where on Line 205 and 206, you discuss
21 being able to provide more accurate and fewer
22 estimated bills to customers?

1 **A.** Yes.

2 **Q.** Do you have any data regarding ComEd's
3 current error rate as it -- with regard to billing?
4 Is that quantifiable?

5 **A.** Yes.

6 The statistics are really very low.
7 Billing accuracy is 99.9 something.

8 Our meter readers read at between 5,000
9 and 6,000 reads per error.

10 **Q.** Do you have any numbers with regard to
11 estimated bills?

12 **A.** It varies. Our meter reading performance
13 is around 96.6 percent on average, so the others
14 would be estimated bills.

15 The reason I say "it varies" is in a
16 month like February, when weather precluded us from
17 being able to have our readers in the field at full
18 productivity, we'd have more estimated bills.

19 **Q.** I'm going to direct you now to your
20 corrected Rebuttal Testimony, ComEd Exhibit 23,
21 Page 12.

22 I'm going to ask you about the paragraph

1 beginning on Line 254.

2 A. Okay.

3 Q. You talk about intelligent devices in the
4 home, and you end with a description of -- and I
5 assume there on Line 256, you mean home area
6 networks?

7 A. Yes. Oh, thank you. Yes, I do.

8 Q. A-R-E-A?

9 A. Sorry.

10 Q. Are you saying here that this technology
11 would include a functionality that would not yet be
12 used and useful?

13 A. No, because our -- the requirements for our
14 technology is that what we would put in would be
15 able to support additional functionality that would
16 come on the other side of the meter.

17 Q. And I'm, again, intrigued by your last
18 sentence here where you talk about new now unknown
19 products for the customer.

20 And I'm assuming like earlier these are
21 inventions that have not yet been realized, but are
22 you anticipating here that these are products that

1 would be regulated in any way?

2 **A.** No, I am not assuming that at all.

3 **Q.** Okay. You then on the following paragraph,
4 the paragraph beginning on Line 260 discuss
5 broadband over power lines?

6 **A.** As one of the potential technologies, yes.

7 **Q.** I'm assuming that this is also a product
8 that you don't anticipate being regulated? It's
9 not regulated now in Illinois, is it?

10 **A.** I make no assumption about that.

11 One of the potential -- so in the AMI
12 solution, besides the meter, you would have the
13 communication infrastructure. Broadband might,
14 over power lines, might be one -- or is one of the
15 options that has been presented.

16 **Q.** Do you think it's fair for a customer who
17 does not need or want broadband to subsidize the
18 other customers who have it?

19 **A.** Well, I haven't made a selection for
20 broadband to do anything.

21 **Q.** Isn't it true that much of the technology
22 described in your testimony could also be used for

1 products that not only are not part of basic
2 electric delivery service, but are actually
3 products that many customers would not want or
4 would not use?

5 **A.** Can you say that again. I'm trying to --

6 **Q.** I'm thinking --

7 **A.** So isn't it true that what we propose
8 doesn't? That's the part I can't --

9 **Q.** Isn't it likely that many customers are not
10 going to be able to take advantage of everything
11 that the platform or infrastructure in place would
12 allow?

13 **A.** So customers will take advantage of the
14 opportunities provided to different extents, yes.

15 **Q.** Okay. Is ComEd's SMP Rider Proposal, does
16 it contemplate that any income from unregulated
17 services not related to the provision of electric
18 service could be offset against the cost before
19 being charge to ratepayers?

20 **A.** Well, I would only speak to the AMI, and
21 the demand response.

22 The cost to acquire an incremental

1 systems would be included in the rider. The
2 savings that come through the deployment would be
3 passed onto customers.

4 Q. At what time? Through the rider?

5 A. The mechanics of the rider, those questions
6 are better addressed to Mr. Crumrine.

7 Q. Understood.

8 I want to direct you to Page 17 of your
9 rebuttal testimony. The Q and A that begins on
10 Line 371. There you're giving a net present value
11 of the estimated benefits to ratepayers as a result
12 of AMI deployment?

13 A. Yes.

14 Q. And that net present value is \$28 million?

15 A. Correct, from the utility business, yes.

16 Q. Over --

17 A. 16, a pay-back period of 16 years.

18 Q. And is there any amount of this \$28 million
19 that would accrue in the first year?

20 A. So operational savings will be achieved at
21 the end of the first phase of deployment.

22 Q. My question is: How much of the

1 operational savings and benefits that you see here
2 would be realized in the first year after
3 deployment?

4 **A.** Yeah, I did not do the calculations at that
5 level. The one that I could speak to with
6 certainty is the Phase Zero deployment would
7 probably at the end of that 200,000 installation of
8 meters, 20 meter readers and associated vehicles
9 would be eliminated.

10 **Q.** And would that likely be in the first year?

11 **A.** By the end of the first year, I would say,
12 yes.

13 **Q.** And is it possible that those savings could
14 be flowed back through the SMP Rider?

15 **A.** Again, you would have to ask Mr. Crumrine
16 about the rider.

17 MR. COFFMAN: That's all I have.

18 Thank you.

19 JUDGE HILLIARD: Next questioner please.

20

21

22

1 CROSS-EXAMINATION

2 BY

3 MR. MUNSON:

4 Q. Good afternoon, Ms. Clair. Mike Munson on
5 behalf of BOMA Chicago.

6 I'll try to skip through here.

7 You've agreed that and you have stated
8 that AMI is a foundational step for a Smart Grid?

9 A. Yes.

10 Q. You would agree that AMI is a foundation of
11 a Smart Grid vision because AMI provides a utility
12 and customers with better information in which to
13 make decisions?

14 A. Yes.

15 Q. You would also agree that providing
16 information to customers assists those customers in
17 making energy-efficient decisions?

18 A. It would assist them in that, yes.

19 Q. You would also agree that providing
20 information to customers can effect the economics
21 of energy or capital improvements?

22 A. For the customer?

1 **Q.** Yes.

2 **A.** In principle.

3 **Q.** You would agree that providing customers
4 information can effect the economics of procuring
5 competitive supply?

6 **A.** I don't -- say that again. I'm not sure I
7 could make that conclusion.

8 **Q.** Okay. I'm asking -- we agreed that
9 providing information to customers assist those
10 customers in making decisions?

11 **A.** Right.

12 **Q.** So what I'm asking is, you would agree that
13 that information would -- one of those decisions
14 would be to procure competitive supply and it would
15 assist in that effort.

16 You agree with that?

17 **A.** Having more information?

18 **Q.** Yes.

19 **A.** That would be one of the things.

20 **Q.** Thank you.

21 Focusing on your Surrebuttal, Line 55,
22 ComEd Exhibit 38.

1 **A.** Okay.

2 **Q.** It says, "The customer needs evolve."

3 My question is, with regard to that, can

4 customer needs mean the ability to participate in

5 PJM demand response programs?

6 **A.** I assume so.

7 **Q.** But today customers may participate in PJM

8 demand response programs, correct?

9 **A.** Some customers do, yes.

10 **Q.** And they can participate in realtime,

11 emergency and day-ahead PJM markets; is that

12 correct?

13 **A.** I'm not intimate with the specifics.

14 **Q.** Okay.

15 **A.** I mean, I understood what you said, and I

16 think that that's true, but I'm not an expert on

17 participation with PJM.

18 **Q.** Let me ask you this then --

19 **A.** Okay.

20 **Q.** -- as part of your SMP Proposal, there is

21 the AMI is the foundation?

22 **A.** Right.

1 Q. And then the demand response --

2 A. They're Demand Response Programs also as

3 part of the SMP.

4 Q. Yes, and those are to facilitate access to

5 markets for customers, competitive suppliers,

6 competitors, correct?

7 A. Yes.

8 Q. It's going to be competitively neutral?

9 A. Yes.

10 Q. Now, is your Demand Response Proposal and

11 AMI Proposal today, or will that support current

12 PJM Demand Response Programs?

13 A. Well, I don't know that the AMI

14 functionality will. I hadn't looked at it in that

15 view. Demand response, the answer is yes.

16 Q. So including the ancillary services markets

17 of spinning reserve and regulation, it would

18 support those?

19 A. The Demand Response Programs?

20 Q. Yes, your Demand Response Programs, as

21 proposed, will support those products?

22 A. I believe so.

1 **Q.** Okay. On Lines 126 through 131 of your
2 surrebuttal again?

3 **A.** Okay.

4 **Q.** Sorry. Line 129 to 131, you give an
5 example, you may install more capable meters to
6 evaluate the benefits of power quality and power
7 factor requirements?

8 You agree that meeting the needs of
9 customers -- strike that.

10 This information will be useful to
11 customers, correct?

12 **A.** Yes.

13 **Q.** So providing this information would be
14 useful to customers who, for example, have
15 sensitive equipment; is that correct?

16 **A.** That would be an example, yes.

17 **Q.** So you're envisioning providing customers
18 this information and their authorized agents, such
19 as retail electric suppliers, curtailment service
20 providers, and other authorized agents; is that
21 correct?

22 **A.** This particular part of the testimony talks

1 about the Phase Zero implementation, and I believe
2 that the plan would be to install this on some
3 subset of meters to then evaluate the benefits for
4 power quality monitoring or power factor
5 measurements, and that that would be one of the
6 items that would be evaluated at the end of Phase
7 Zero to see if those customer benefits did
8 materialize.

9 Q. Lines 135 to 138, the Surrebuttal
10 Testimony?

11 A. Okay.

12 Q. Customer benefits, I'm focusing on there.
13 This is not an exhaustive list of
14 benefits, is it?

15 A. From Line 136 to 138, the three categories
16 is not an exhaustive list? Is that the question?

17 Q. Right. There are more benefits than
18 operational savings, avoided energy purchases?

19 A. And societal benefits. It sounds like
20 three buckets to me.

21 Q. That's all the benefits there are to AMI?

22 A. Well, I think that all the benefits that

1 we've identified fit into one of those three
2 categories.

3 Q. On Lines 196 to 198, you're not limiting to
4 curtailment monitoring services to RESs? In fact,
5 it could be other curtailment service providers;
6 could it not?

7 A. Correct.

8 Q. A customer today who invests in metering
9 equipment and assorted usage-gathering information
10 equipment requires the intervention and assistance
11 of ComEd to install those capabilities; is that
12 correct?

13 A. On the ComEd-related equipment, yes.

14 Q. And there is costs associated with ComEd
15 assistance with those facilities, correct?

16 A. I'm sorry. I didn't hear you.

17 Q. Sorry. I didn't enunciate well.

18 There are costs associated with ComEd's
19 assistance?

20 A. Yes.

21 Q. There are limitations as to access to ComEd
22 vaults and buildings, correct?

1 **A.** For everyone, yes.

2 **Q.** Let me ask you something specific, and you
3 might not be the right person to answer it.

4 Can a customer, with ComEd's assistance,
5 install a KYZ relay on a 12kV riser?

6 **A.** I'm absolutely not the right person.

7 **Q.** Oh. Do you know who would be?

8 **A.** No, it isn't me. Mr. Donnelly maybe.

9 **Q.** And you agree that AMI and your Demand
10 Response Proposals includes features that a
11 customer installing their own data measurement
12 equipment couldn't achieve?

13 **A.** I do agree with that, yes.

14 **Q.** Does ComEd consider the meters and
15 hardwares as a regulatory asset?

16 **A.** The ones that are -- the AMI technology?

17 **Q.** Yes.

18 **A.** I don't know. I don't know that we would
19 call the installation a regulatory asset. I mean,
20 it's an asset.

21 **Q.** You've agreed that demand response is a
22 competitive function, correct, the provision of

1 demand response services?

2 **A.** So define a "competitive function."

3 **Q.** One in which there's two or more

4 competitors?

5 **A.** Two --

6 **Q.** Two or more sellers of the service.

7 **A.** To provide demand response options? So

8 there are curtailment service providers, so,

9 obviously, that's -- those would be competitors in

10 that market. Is that what you meant?

11 **Q.** Yes.

12 Do you know how many curtailment service

13 providers are registered for Illinois?

14 **A.** No, I do not.

15 **Q.** You would agree that -- strike that.

16 MR. MUNSON: No further questions.

17 JUDGE HILLIARD: Let's take a little break.

18 (Whereupon, a brief recess

19 was taken.)

20

21

22

1 CROSS-EXAMINATION

2 BY

3 MR. MOORE:

4 Q. Ms. Clair, I'm Steve Moore. I'm here
5 representing the Retail Energy Supply Association.

6 Just a couple questions about the issue
7 of the next-day access data.

8 You had said earlier that it would be
9 costly to have access to realtime?

10 A. More costly, yes.

11 Q. Now, is that for the meters themselves or
12 the network that would connect them?

13 A. I would say probably for the network and
14 for the IT costs that would be associated with
15 moving that information around.

16 Q. So if in the future, it is decided to move
17 toward realtime access to data, it could be done
18 with the meters that would have already been
19 purchased?

20 A. I believe so, yes, because -- well, the RFI
21 that we put out had information at 15-minute
22 intervals, so if it were more frequently than 15

1 minutes, it wouldn't have been included.

2 **Q.** But my question is, instead of being
3 available to ComEd and RESs the next day, it could
4 be made available realtime --

5 **A.** Right, then the meter equipment would be
6 fine.

7 **Q.** Okay. Now, ComEd is proposing in the
8 surrebuttal phase that it agrees with the concept
9 represented by -- or talked about by Mr. Fein of
10 having a workshop process over six-month period,
11 why is the decision to have access to data the next
12 day being decided now rather than after the
13 workshop process?

14 **A.** The information as presented to have 15 --
15 30-minute interval available the next day is what
16 has been planned for Phase Zero.

17 **Q.** And so it's possible that after the
18 workshop process, if it's determined that it's
19 desirable and costs are appropriate, then you could
20 move toward a different process the same day or
21 realtime access.

22 **A.** You could move to a different process, yes.

1 **Q.** Now, on your surrebuttal testimony,
2 Exhibit 38, Page 11, Lines 227, among the reasons
3 you have for not allowing same-day access is that
4 meters would have a disconnect switch and the
5 Company's concerned about security of any direct
6 access to the meter.

7 Is it possible to protect the
8 disconnection with passwords or some other type of
9 mechanism?

10 **A.** I'm sorry? I need to go back to your
11 question.

12 **Q.** Sure.

13 Calling your attention to Line 226
14 through 228.

15 **A.** All right. The information around the
16 connect/disconnect switch was only related to
17 sooner than next-day access in the sense that I
18 believe we were responding to testimony that would
19 allow the RES direct access to the meter itself, I
20 assume, in the sense of moving up the next day.

21 The limitation around security for
22 access to the meter had to do with other -- with

1 RESs or non ComEd access to the meter itself.

2 Q. Now, is access to the meter equivalent to
3 being provided data on a realtime basis?

4 I mean, can't you have one without the
5 other?

6 A. I guess, I'm not sure. I mean, in the
7 proposal that we put together, the information is
8 registered at the meter every half-hour, and it
9 is -- the information is taken from there, it's
10 presented the next day.

11 Q. But if you presented the information the
12 same day or realtime, why would there be a danger
13 of the RES somehow disconnecting the customer?

14 A. So there isn't, which is why -- the
15 sentence in the testimony actually talks about
16 allowing -- initially allowing a RES direct access
17 to the meter itself, which would, you know, solve
18 the issue of when they would get the information.

19 Q. Okay. So you won't have access to the
20 meter because of the security concerns?

21 A. Correct.

22 Q. But they could have access to the

1 data without security concerns?

2 **A.** Yes.

3 MR. MOORE: All right. I have no other
4 questions.

5 JUDGE HILLIARD: Thank you.

6 Next questioner please.

7 CROSS-EXAMINATION

8 BY

9 MS. SKOLNICK:

10 **Q.** Hi, Ms. Clair, my name is Rochelle
11 Skolnick. I represent IBEW, Local 15.

12 First of all, are you aware that
13 Local 15 represents approximately 5,000 employees
14 at ComEd?

15 **A.** I am aware.

16 **Q.** In your Rebuttal Testimony, which is ComEd
17 Exhibit 23, you state that vendor implementation
18 cost for AMI range from 600 million to over \$1
19 billion, and that those costs are based on
20 responses to ComEd's 2008 RFI, which we're
21 discussing here today.

22 Of that projected 600 million to over 1

1 billion in costs for implementation, what portion
2 does ComEd project that it will spend on labor?

3 **A.** For installation of the meters?

4 **Q.** For implementation of the AMI
5 infrastructure, which I assume includes not only
6 meters, but also other associated devices used to
7 collect the information?

8 **A.** I don't have the specific dollars
9 associated with labor in that sense.

10 **Q.** Okay. I'm just going to refer briefly to
11 one of the responses that ComEd made to one of
12 IBEW's Data Requests, and I'm not going to put it
13 in as an exhibit, because I'm just going to refer
14 to it briefly, but in one of those we asked for a
15 breakdown of these costs, and you said that the
16 Company was seeking refreshed databased on these
17 2008 RFIs.

18 Is that data now available or are you
19 telling me that it's not? That we don't have that
20 kind of breakdown available?

21 **A.** So the cost presented included?

22 MR. RIPPKE: Can we, at least, look at the Data

1 Request?

2 MS. SKOLNICK: Sure. I have a copy here.

3 THE WITNESS: So the labor that would have been
4 included in that RFI --

5 BY MS. SKOLNICK:

6 Q. Right.

7 A. -- would have pertained to meter
8 installation.

9 Q. So are you saying that today you could tell
10 me what portion of that projected cost would cover
11 installation of meters, for labor I'm talking
12 about?

13 A. The number that I looked at most recently
14 was \$8.1 million for installation for Phase Zero,
15 that's up to 200,000 meters.

16 I would assume that we would multiply
17 that out, but the 8.1 million is the only one I
18 have in my head.

19 Q. Okay.

20 A. I don't have the total number, but we could
21 certainly go and get that. But for the first
22 200,000 meters, it was 8.1 million.

1 **Q.** Just so that we can clear that we're all
2 talking about the same thing, when we talk about
3 labor costs, how does ComEd define that?

4 **A.** So for purposes of the RFI, we ask the
5 vendors to supply a cost to contract the
6 installation of those meters using union employees.

7 **Q.** To contract the installation using union
8 employees, but not, I assume, not to use the
9 bargaining unit, existing bargaining unit
10 employees?

11 **A.** Correct.

12 **Q.** Okay. Has ComEd considered doing the work
13 using in-house bargaining unit employees?

14 **A.** It's not possible with the in-house force
15 to change out 4.1 million meters over a four- to a
16 five-year period.

17 We have begun discussions with the
18 Local 15 about the potential for using
19 meter-readers as their locations have the new meter
20 installations and they become available for work,
21 the potential for those employees to assist in the
22 installation.

1 **Q.** In addition to the meters, as I referred to
2 earlier, there are other devices that are used to
3 collect the data.

4 Has ComEd considered using bargaining
5 unit labor to install those devices?

6 **A.** I don't think we've gotten -- so there are
7 two components. There is the meters and then there
8 is whatever communication network is determined.

9 I really don't know at this stage of
10 where we are what installation there would be
11 associated with that and we've not determined who
12 would be doing that work.

13 **Q.** When you say "we," is there a team at ComEd
14 that has the responsibility for determining what
15 labor force is used to deploy both the meters and
16 the other devices?

17 **A.** The team that's at ComEd, when I say "we"
18 is the team that has been analyzing the
19 implementation of AMI.

20 **Q.** And could you tell me by name and title
21 who's on that team?

22 **A.** Auh-huh, so they work for the AMI portion

1 of the Smart Grid projects.

2 Q. Auh-huh.

3 A. That team works under my oversight, led by
4 Rich O'Toole. Dave Doherty works under his
5 direction, and then we have had supplemental help
6 from IT and the supply organization. I can't
7 recall the specific individual names.

8 Q. Are there documents that reflect the team's
9 discussions with regard to what labor pool will do
10 this work?

11 A. I don't believe so.

12 Q. Okay. You made a reference earlier to the
13 bids or the responses to your RFI. So is it
14 correct to say that a portion of each of those
15 vendor's bids was to cover labor costs associated
16 with deployment of the AMI?

17 A. Yes.

18 Q. Did some vendors project nonunion labor
19 costs?

20 A. I believe we asked for both union and
21 nonunion prices. In our business case, we only
22 used the costs that would have -- that were

1 submitted to do the work with union labor.

2 Q. When a vendor submitted a bid that
3 included -- that was to cover the labor costs and
4 they were -- for union labor costs, do you know
5 what went into those costs? For example, do you
6 know what the wage rates were? What benefits cost,
7 those sorts of things?

8 A. I don't.

9 Q. You don't?

10 A. And I can't remember whether that level of
11 detail was in the RFI or if it was just a dollar
12 amount.

13 Q. And do you know if there's anyone else that
14 would know that?

15 A. Who is a witness in the case? Nobody other
16 than me, and I don't know what would be close
17 enough to it to know that answer.

18 Q. Are there documents that might reflect it
19 that you just might not --

20 A. I think what we submitted in response to
21 the data request was everything we had from RFI.

22 Q. Okay. Ms. Clair, do you recognize what I

1 put in front of you?

2 A. Yes, I think it's a readable version of the
3 work papers.

4 Q. And, specifically, this is the first set of
5 work papers associated with your rebuttal
6 testimony, I believe, the Exhibit 23?

7 A. Yes, 23.0.

8 Q. Okay. And I have asked you to look at a
9 page that's tabbed --

10 MS. SKOLNICK: And for your benefit, your
11 Honors, these documents were not available in a
12 readable form in hard copy until just moments
13 before we began our questioning, and I'm not going
14 to ask that these be admitted. I simply want to
15 clarify what these documents represent for the
16 record, so we can all look at them and understand
17 what we are then looking at.

18 BY MS. SKOLNICK:

19 Q. So looking at this, and I understand that
20 the identity of the bidder is a matter of
21 confidentiality, so we won't name the bidder on
22 this, but just looking down, halfway down this

1 first page, it refers to -- there's a box that
2 says, "meter installation."
3 Do you see that?
4 A. Yes, I do.
5 Q. And under there it says, "Union labor
6 installation"; is that correct?
7 A. Correct.
8 Q. Now, can you explain to me how this vendor
9 arrived at a per-unit cost for a meter
10 installation?
11 A. Well, without doing the math, the -- there
12 are different categories of a class of meters,
13 voltage and size. It comes up with a quantity for
14 those, and they show a meter installation cost
15 depending on the type of meter it is.
16 Q. Okay. Did ComEd provide wage rates for
17 union labor in its RFI?
18 A. Not to my knowledge.
19 Q. So each vendor supplied its own union labor
20 rates; is that correct?
21 A. I would assume so.
22 Q. Okay. Continuing down on that page, there

1 is another box that says "nonunion labor
2 installation"?

3 **A.** Yes.

4 **Q.** Are you equally uncertain, with regard to
5 this, what the wage rate and benefit calculation
6 was for the nonunion labor that the vendor used?

7 **A.** I don't know the basis that the contractor
8 used for those amounts, correct.

9 **Q.** So the per-unit cost for installation would
10 be just a matter of multiplying -- well, no, that's
11 not what you said.

12 Can you explain how they arrived at the
13 per-unit cost for this?

14 **A.** You mean -- can I explain where they got
15 the per-unit cost?

16 **Q.** Right.

17 **A.** No. No.

18 **Q.** Okay. So would it be correct to say that
19 ComEd is currently considering using some
20 combination of contractor and bargaining-unit labor
21 to implement the AMI?

22 **A.** We have engaged in discussions with

1 Local 15, and we would like to come to that...

2 Q. Are there any documents that reflect those
3 discussions or that consideration?

4 A. I know we had two meetings with the union
5 officials. I cannot remember if there were notes
6 from those meetings. That would be the extent of
7 the documentation.

8 Q. And has ComEd internally discussed the
9 relative costs of deploying AMI using
10 bargaining-unit labor, contractor labor, some
11 combination thereof?

12 A. We have not.

13 Q. So you have not discussed those costs?

14 A. No.

15 Q. Are you aware that under the collective
16 bargaining agreement between ComEd and Local 15 and
17 the Voltin Arbitration Award interpreting it, that
18 when the Company contracts out bargaining-unit
19 work, it must offer overtime opportunities to the
20 members of the effected work group at a rate of
21 eight hours per week?

22 A. My understanding --

1 MR. RIPPKE: It's beyond the scope of testimony.

2 There is nothing cited in her testimony
3 that talks about the terms of the collective
4 bargaining agreement.

5 MS. SKOLNICK: Ms. Clair's testimony relates to
6 the cost of the AMI implementation.

7 It's our position that one of the costs
8 potentially to be included in the AMI
9 implementation would be this sort of cost, and
10 we're asking whether the Company has considered the
11 full scope of the cost --

12 MR. RIPPKE: Fair enough. I'll withdraw it.
13 If she can answer, she can answer.

14 THE WITNESS: Okay. My understanding is that
15 relates to work that is usually ordinarily and
16 customarily performed by bargaining-unit employees,
17 that is when the Voltin Award would kick in.

18 BY MS. SKOLNICK:

19 Q. That's correct.

20 And so to the extent that the work of
21 installing AMI infrastructure is characterized as
22 work that's ordinarily and customarily performed by

1 the bargaining unit, isn't it correct, those Voltin
2 obligations would apply?

3 **A.** If that were deemed to be ordinary and
4 customary work, then, yes, Voltin would apply.

5 **Q.** In the Company's response to IBEW Data
6 Request 1.11, the Company indicates that upon full
7 implementation AMI, maintenance and repair, as well
8 as periodic inspections of meters equipped with AMI
9 technology, will be performed by ComEd
10 bargaining-unit employees as necessary.

11 Can you just explain to me what "as
12 necessary" means in this context?

13 **A.** With the new technology, I'm sure there
14 will be testing requirements, so it would be what
15 would be required to be done to meet those
16 requirements.

17 I think "as necessary" means that, as I
18 sit here, I can't say that those requirements will
19 be exactly the same as the testing requirements for
20 the meters currently on the system.

21 **Q.** I think I heard you give an answer that
22 related to testing of meters, but my question was a

1 little broader than that.

2 **A.** I'm sorry. It was.

3 **Q.** Maybe I should break it down to make it a
4 little simpler.

5 One of the answers that was given in the
6 response to the data request had to do with
7 maintenance and repair of meters equipped with AMI
8 technology.

9 **A.** Okay.

10 **Q.** The answer was also for that they would
11 continue, the bargaining unit would continue to
12 perform it as necessary?

13 **A.** Yes.

14 **Q.** What in that context does "as necessary"
15 mean?

16 **A.** So as to testing, it would be what I said.

17 As to maintenance, it would really be
18 that the activities that we need to support the
19 maintenance of those meters would still be
20 conducted by bargaining-unit folks.

21 Again, the "as necessary," I don't know
22 that those will be the same maintenance

1 requirements as the ones for our current readers.

2 Q. Has ComEd considered using contractor labor
3 to perform maintenance and repair of AMI equipped
4 meters?

5 A. Not to my knowledge. Well, the answer is
6 "no."

7 Q. So what you're saying is that ComEd
8 anticipates that maintenance and repair will be
9 performed, to the extent they're needed, will be
10 performed exclusively by bargaining-unit labor?

11 A. Yes.

12 Q. Does ComEd anticipate that the need for
13 maintenance and repair of these AMI-equipped meters
14 will be less than the current maintenance and
15 repair schedule given that the meters will be new?

16 A. In our business case, we did not assume a
17 different level of maintenance and repair than we
18 currently experience.

19 Q. So the budgeted amounts for maintenance and
20 repair are consistent with the current levels of
21 maintenance and repair?

22 A. Yes.

1 **Q.** Another part of that answer to the data
2 request states that it's anticipated that ComEd
3 clerical employees who perform meter-related work
4 would continue to perform this work as necessary.

5 Can you explain what "as necessary"
6 means in the context of that answer?

7 **A.** Again, whatever clerical functions are
8 associated with the meter work will be done by
9 bargaining-unit clerical employees.

10 The "as necessary" part speaks to that
11 might be different clerical functions than we have
12 today.

13 **Q.** I think that some of the documents that
14 I've seen indicate that ComEd projects a decrease
15 in the amount of clerical work as a result of AMI
16 implementation; is that correct?

17 **A.** That is correct.

18 **Q.** Has ComEd determined what the full-time
19 equivalent or FTE amount of reduction would be as a
20 result of AMI implementation, just with regard to
21 clerical employees?

22 **A.** Just with regard to clerical, there are 37

1 clerical positions in meter reading that would be
2 eliminated.

3 I believe the current estimate for
4 impact at the Call Center -- would you call --
5 customer service reps, would you include those as
6 clerical?

7 Q. Sure.

8 A. I believe that number is 5.

9 And there's a small number in billing,
10 but I cannot remember it, as I sit here. I want to
11 say it's 5 to 8.

12 Q. Are there documents that reflect these
13 calculations?

14 A. Yes. They are in the work papers.

15 Q. Okay. Would they be in that set that I've
16 given you or this other set that I still have?

17 A. No, I think this is vendor-related. They
18 would be in the next section.

19 Q. All right.

20 A. Total cost of ownership.

21 Q. (Tendering documents.)

22 If I might help direct you, if you look

1 at the fourth page of this set, and I'm not sure
2 whether this is what you're looking for or not.

3 A. I had some with the big print.

4 Q. Oh, --

5 A. Fourth page?

6 Q. Yeah, I think on the fourth page, there
7 might be something that would indicate what we're
8 talking about.

9 I'm looking at a heading that says, O&M
10 Benefits?

11 A. Right. Here we go. Wow. These are
12 dollars, though.

13 Q. Okay.

14 A. So I would say based on the dollars -- and,
15 again, this scales up to a number at full
16 deployment.

17 Q. Auh-huh.

18 A. It looks to be maybe 9 people.

19 Q. How do you conclude 9 people, if you could
20 just tell me what you're --

21 A. I was using, like, an average-loaded,
22 fully-loaded including pension and benefits of

1 about 100,000 an employee, but I had the wrong
2 line.

3 So 23, but that sounds -- that's
4 23 -- I'm sorry -- that 2 million 300 thousand also
5 includes postage savings and mailing, so that would
6 be more than just the number of people.

7 **Q.** That's for the -- you're talking about the
8 reduced billing errors --

9 **A.** I was looking at the reverse billing error
10 line.

11 **Q.** Okay.

12 **A.** But, unfortunately, it doesn't translate
13 specifically into people, because it has postage
14 and others savings in there.

15 **Q.** Is there another document in this set that
16 does break it down in terms of FTEs?

17 **A.** I'm sorry for the delay. I only looked at
18 these pieces separately.

19 (Whereupon, there was
20 a change in reporter.)

21

22

1 **Q.** Is there someone else who could maybe
2 locate the place in the documents where I continue
3 with my questions and then we can talk about that?

4 Returning to the answers to our data
5 request 1.11, the Company indicates that it is
6 anticipated that ComEd stores employees who deliver
7 and maintain meter supply work, will continue to
8 perform this work as necessary. Can you explain
9 what that means, what "as necessary" means in that
10 context?

11 **A.** It -- you know, we add or replace a certain
12 number of meters every year due to customer growth,
13 change out of meters, defective meters, regulatory
14 testing, those functions that equipment is
15 delivered by the store's personnel and would
16 continue to be done.

17 **Q.** So ComEd anticipates that the work that's
18 currently done by the store's employees related to
19 meters will be continued to be done by the store's
20 employees?

21 **A.** Yes.

22 **Q.** And ComEd -- you are saying that ComEd is

1 not anticipating utilizing contractor labor to
2 perform that work?

3 **A.** No. None of the AMI work anticipated a
4 change in who does the work.

5 **Q.** And just to be clear, does ComEd plan to
6 purchase the AMI technology it deploys?

7 **A.** The -- yes.

8 **Q.** So it doesn't plan to lease the technology
9 from a vendor?

10 **A.** Those financial decisions have not been
11 made; but the RFI was based on a purchase.

12 **Q.** Okay. At Page 6, Lines 114 through 116 of
13 your corrected rebuttal testimony, that's
14 Exhibit 23.0.

15 **A.** Okay.

16 **Q.** You indicate that the installation of the
17 200,000 meters that will go in in Phase 0 will take
18 approximately seven months.

19 **A.** Yes.

20 **Q.** Assuming 35 to 40 installs per day per
21 installer?

22 **A.** Yes.

1 **Q.** On what do you base the projection of 35 to
2 40 installs per day?

3 **A.** I believe that's based on what other
4 utilities experience has been.

5 **Q.** Can you name any of those other utilities
6 that you've based the --

7 **A.** I do know that in -- we've talked to FP&L,
8 we've talked to folks at PG&E, San Diego Electric &
9 Gas, those are the ones that come to my mind.
10 There's a longer list.

11 **Q.** And you also state that 11 -- a range of 11
12 to 45 installers per month will be needed. On what
13 do you base that projection?

14 **A.** When we put together the detailed plan for
15 doing the first 200,000 meters based on, you know,
16 whether they have the equipment and how quickly you
17 can deploy it and folks coming up the learning
18 curve in terms of installation, that's what we came
19 up with.

20 **Q.** Are there documents that reflect the
21 considerations that went into arriving at that
22 conclusion?

1 **A.** That, I don't know.

2 **Q.** And we've talked about what the vendors bid
3 on a cost per install. What per install cost has
4 ComEd used to arrive at its calculations?

5 **A.** We selected the cost to -- into the model,
6 so without selecting who would do it. For modeling
7 purposes, we picked the cost submitted by a vendor
8 who had experience in deploying the technology.

9 **Q.** And was that the vendors' union labor cost
10 or nonunion labor cost?

11 **A.** We modeled the union labor cost.

12 **Q.** Do you believe that the vendors' proposed
13 union labor costs would be at a variance from
14 bargaining unit costs?

15 **A.** It's possible. From ComEd's bargaining
16 unit cost?

17 **Q.** Correct.

18 **A.** It's possible.

19 **Q.** Do you believe that the vendors' union
20 labor costs would be greater or less than ComEd's
21 bargaining unit costs?

22 **A.** I really don't know; but, you know,

1 obviously, whatever union they picked, you know,
2 would have contracts that had been negotiated by
3 somebody other than ComEd. So I would think their
4 costs could be different.

5 Q. Now, you've stated that Phase 0 is slated
6 to take place in a single service center but that
7 service center hasn't been identified?

8 A. Yes.

9 Q. And I wonder if you could take a look at --
10 do you still have the AG Cross Exhibits over there
11 in front of you? I think it was Cross Exhibit 2 or
12 3 which was the Deep Dive.

13 A. Okay.

14 Q. And I think you said that you had some
15 familiarity with this document?

16 A. I do.

17 Q. And if you don't know the answers to these
18 questions, I can follow up with Mr. Donnelly
19 tomorrow; but I wonder if you look at Page 10.

20 A. Yes. That's one of my pages.

21 Q. Okay. Good. I hit the jackpot.

22 Can you explain to me how this chart

1 works?

2 **A.** I can.

3 **Q.** Okay.

4 **A.** So across the top are different ComEd
5 geographic locations and down the side are
6 different criteria and for the benefit of the
7 ALJ's, do you have this one?

8 JUDGE HILLIARD: Yes.

9 JUDGE HAYNES: We do.

10 THE WITNESS: Then I don't have to say what they
11 are.

12 There are different criteria for
13 centimeters inside for household income. The
14 location to be selected for Phase 0 is intended to
15 provide as much mimicking of what the entire system
16 looks like as possible so that that 200,000 meter
17 pilot phase initial installation, you could then
18 pretty much extrapolate, you know, what cost, what
19 savings, what barriers, what kind of things would
20 accrue to the rest of the system. And, so, each of
21 these were weighted with a -- you know, how
22 important is it where the rule had to be that they

1 couldn't all be 10s. You had to have some 10s but
2 they couldn't all be 10s, so, you know, put some
3 thought in to which criteria are more important.
4 BY MS. SKOLNICK:
5 Q. So if I'm --
6 A. And then the ratings.
7 Q. Could I just interrupt you and clarify
8 here. So if I'm reading this correctly, it looks
9 like average household income had a weight of 10 in
10 your considerations --
11 A. Yes.
12 Q. -- and the -- just to scroll down here, the
13 meters, slash, meter reader criterion had a weight
14 of 2 in your considerations?
15 A. Correct. Again --
16 Q. And as long as I'm on that, can you explain
17 to me what meters, slash, meter reader means in
18 this chart?
19 A. How many meters per meter reader.
20 Q. Okay.
21 A. It certainly goes to density.
22 Q. I'm sorry, go ahead and finish your

1 explanation.

2 **A.** And the rating that was applied was -- for
3 those locations were, you know, the closest to the
4 average. So a 10 weight and a 10 location would be
5 the one where -- the location where the average
6 household income was closest to what the system
7 average households income is.

8 **Q.** So it looks like there's one set of
9 criteria that relates to customer operations?

10 **A.** Correct. Above the gray line.

11 **Q.** Right. And then another set of criteria
12 that relates to -- is that transmission and
13 distribution?

14 **A.** Yeah. It's really -- yes. And that
15 criteria would be for distribution, how the
16 locations would match up for the distribution
17 automation criteria.

18 **Q.** And, so, what do these numbers in the gray
19 line -- because I'm not totalling -- you know,
20 you've got a -- for the first location, you've got
21 a 398 there in the gray bar and I'm not arriving at
22 that number by totaling the numbers above that.

1 **A.** I don't know.

2 **Q.** Is it --

3 **A.** I'm sorry. I think --

4 JUDGE HILLIARD: Multiply the weight times the

5 number is it?

6 MS. SKOLNICK: That's what I was going to say.

7 BY MS. SKOLNICK:

8 **Q.** Is it possible that it's a multiplication?

9 **A.** Mm-hmm.

10 **Q.** So you multiply the weight times the number

11 for that location and that goes into the total?

12 **A.** Yes.

13 **Q.** Okay. Going back to your corrected

14 rebuttal testimony on Page 6, Lines 117 through

15 about 125, you discussed the impact of Phase 0 on

16 the jobs of meter readers in whatever service area

17 is selected. Specifically that the number of meter

18 readers would decrease by approximately 20 by the

19 seventh month of the project; is that correct?

20 **A.** That's correct.

21 **Q.** On what do you base that projection of 20

22 lost meter readers?

1 **A.** There was -- for a location that would fit
2 into the around but not more than 200,000 meters,
3 that would be the normal number of meter readers
4 that would work in such a location.

5 **Q.** ComEd has indicated its intention to work
6 with IBEW Local 15 to minimize the impacts to the
7 displaced meter readers and in its responses to our
8 data requests, ComEd has said they would consider
9 transferring the meter readers to other work
10 instituting a hiring freeze or relying on
11 attrition.

12 Has ComEd evaluated the costs of
13 complying with its collective bargaining agreements
14 in light of its stated intention to do so?

15 **A.** I don't think I understand the question.

16 **Q.** Well, assuming that -- assuming that meter
17 readers are transferred, let's just take the
18 scenario where they're transferred to other work.
19 Would it be correct to assume that there would be
20 costs associated with transferring those meter
21 readers to other work?

22 **A.** Not necessarily. When we said transferring

1 to do other work, that would be where positions had
2 been freed up to -- for those meter readers to go
3 into, so there would be no incremental cost than --
4 there just would be no incremental costs.

5 Q. So you don't project -- ComEd doesn't
6 project costs associated with training of meter
7 readers to do other work?

8 A. The transferring meter readers to other
9 positions would be what would happen in the normal
10 course of business. So they would be going to an
11 open position and any training dollars necessary
12 to -- for those positions would already be included
13 in the costs that we incur.

14 Q. Who at the Company has participated in
15 discussions about how to minimize the impact on
16 meter readers?

17 A. So -- I had initial discussions with Dean
18 Apple and I believe Brian Loomis and Terry
19 McGuldrick (phonetic). We iden- -- we asked them
20 to identify who the team would be -- who from the
21 bargaining unit we would work with and Rich O'Toole
22 and Maureen Beyers (phonetic) and Val Colletti

1 (phonetic) who, Maureen and Valerie have
2 responsibility for the meter reading area. Those
3 are the folks that have been involved in these
4 discussions.

5 Q. So those are the three Company
6 individuals --

7 A. Yes.

8 Q. -- who have been involved?

9 Okay. I think in that set of documents
10 that someone else -- I have a question -- I think
11 we're at the point where I need to ask another
12 question about that set of documents.

13 A. So on this page that is labeled --

14 JUDGE HILLIARD: There's no question pending.

15 THE WITNESS: That's right. I'm sorry.

16 BY MS. SKOLNICK:

17 Q. Were you able to locate with the assistance
18 of that gentleman the page that refers to the
19 number of FTEs reduced?

20 A. I was able to locate a page from which I
21 can calculate the FTEs.

22 Q. Okay.

1 **A.** It is, I want to say three-quarters of the
2 way back. It's got a little purple heading called,
3 Billing and Accounting and it is in front of the
4 page that says, Meter Operations.

5 **Q.** Now, it's going to take me a half-hour?

6 MR. RIPPIE: Do your Honors mind if the
7 witness...

8 THE WITNESS: So this page which is entitled,
9 Billing and Accounting has under the first category
10 or first heading, Elimination of rebilling.
11 There's a number of rebills that are generated.
12 There's a cost per bill. We have assumed a
13 reduction of 80 percent of the number of bills with
14 the implementation. So that would translate to
15 labor to perform those tasks of \$934,513 and based
16 on the rule of thumb \$100,000 for a fully loaded
17 person, that would be about nine people.

18 **Q.** Okay. I just want to make sure I
19 understand this. You've assumed a reduction in the
20 number of rebills by 80 percent?

21 **A.** Correct.

22 **Q.** And -- so you start off with a certain

1 number of rebills?

2 **A.** That we do now.

3 **Q.** That you do now?

4 And on that first line where it says,

5 Number of rebills per year manually generated?

6 **A.** Yes.

7 **Q.** Is that the number that you do now or is

8 that the number that you anticipate doing?

9 **A.** That's the number that we do now. That --

10 the manually generated ones plus the next line SIMS

11 generated -- SIMS is the billing system -- so there

12 are 270,000 that we do now.

13 **Q.** So would it be correct to say that you took

14 that 270-some thousand number of rebills and

15 divided the cost -- the entire cost of the

16 bargaining units labored to generate those rebills?

17 **A.** There's a line item there that says, No. 2,

18 cost per rebill --

19 **Q.** Right.

20 **A.** -- labor.

21 **Q.** And how did you arrive at that cost per

22 rebill?

1 **A.** That's based on what we currently have.

2 **Q.** Can you just explain the calculation,

3 though?

4 **A.** Well, we have X number of billing folks who

5 do this, we have 270,000 of these now. We divided

6 the number that we do know by the number of people

7 that we have --

8 **Q.** The total cost?

9 **A.** Yeah.

10 **Q.** Those folks?

11 **A.** Of those folks.

12 **Q.** I just wanted to make sure that that was

13 clear.

14 JUDGE HILLIARD: You are over your time limit.

15 Are you getting close to the end?

16 MS. SKOLNICK: Okay.

17 BY MS. SKOLNICK:

18 **Q.** Are there other pages that do the same kind

19 of calculation --

20 **A.** Yes.

21 **Q.** -- for the other kinds of work that we've

22 been talking about?

1 **A.** Correct. So the one before that was the
2 call center operation.

3 **Q.** Mm-hmm.

4 **A.** The one after that is the meter operations
5 and those are all the pages that identify the line
6 items that showed up in the testimony.

7 **Q.** Okay. I would like to direct you -- I
8 think that I tabbed -- it's the last tabbed page in
9 that set of documents.

10 **A.** Elimination of on-cycled meter reading?

11 **Q.** No. It will be before that, about three
12 pages.

13 **A.** Basic inputs?

14 **Q.** No.

15 JUDGE HILLIARD: Is there a caption on the page
16 you're looking at?

17 MS. SKOLNICK: There is no caption on this page
18 the first line -- it says, Severance estimations on
19 it and it should be pretty near elimination of
20 on-cycle meter reading?

21 **A.** I have a page that says, Call center
22 reductions, meter reading reductions that has a

1 line item for severance and meter reading or
2 severance.

3 Q. No.

4 JUDGE HILLIARD: Why don't you take the document
5 over there so you can compare.

6 BY MS. SKOLNICK:

7 Q. Here it is.

8 A. I found it. It was bent over, sorry.

9 Q. Can you explain what these calculations
10 represent?

11 A. Well, there's a top part that talks about
12 severance estimations but it has a red notation
13 that these need to be updated and then there are
14 categories below that field and meter services,
15 meter reading, customer service has annual cost and
16 severance costs associated.

17 Q. In general, do the figures on this page
18 represent ComEd's calculations with regard to
19 severance packages it anticipates offering
20 bargaining unit employees who are displaced by the
21 AMI?

22 A. I -- no, I would say that that worksheet

1 for input purposes into the model identifies what
2 severance cost would be applicable. So this is a
3 document prepared for inclusion in the financial
4 modeling. It is not included as a human
5 resources --

6 Q. So were severance costs included in the
7 financial modeling?

8 A. They were included in the inputs to the
9 model as -- and some portion of them would have
10 been included in the calculations of net -- the net
11 present value of the overall system implementation.

12 Q. Okay. Can you just explain to me looking
13 at this where, under, Severance Estimations where
14 it says, VSP salary change year. What does that
15 number 5 mean following that?

16 A. I have -- I do not know. I cannot speak to
17 that specific.

18 Q. Okay. Can you explain the next line down
19 from there?

20 A. No. These were the inputs that the
21 accounting folks used to flow into the model and I
22 really did not go over these line by line.

1 **Q.** Okay. So to go back to the first page of
2 this set of documents you've got -- this is headed,
3 AMR Economic Evaluation Template?

4 **A.** Yes.

5 **Q.** And there's a box that says, Labor
6 Assumptions?

7 **A.** Not integrated, correct.

8 **Q.** And also needs verifications?

9 **A.** Mm-hmm.

10 **Q.** In that box there is a meter reading wage
11 rate per hour listed of \$25.20. Do you know where
12 that came from?

13 **A.** The only thing I can assume is that it's
14 labor assumptions and this is the rate that was
15 used to calculate reader costs.

16 **Q.** Okay. Are you aware that under the current
17 bargaining agreement between ComEd and Local 15,
18 meter reader wage rates are either \$20.94 or
19 \$19.85?

20 **A.** I am not aware of that and, again, I'd have
21 to go back and look at this number but I assume
22 that's a base rate and does not include bonuses and

1 this rate might have some of the bonus rates.

2 **Q.** So you believe that rate may reflect other
3 things besides the basic hourly rate that's
4 contracturally required?

5 **A.** Actually I -- again, I did not go over
6 these line by line. I can't tell you that.

7 **Q.** Okay. In ComEd Exhibit 15.2, ComEd
8 projected saving \$110 million annually as a result
9 of AMI implementation and in one of its responses
10 to IBEW data requests the Company indicated that
11 based on the 2005 figures, \$51 million of that
12 \$110 million annual savings was projected to be in
13 labor costs?

14 **MR. RIPPIE:** We need to see the documents,
15 please.

16 I could probably find 15.1.

17 **MS. SKOLNICK:** It's 15.2.

18 **THE WITNESS:** It was attached to Terry's.

19 **MR. RIPPIE:** I can get 15.2 if you can find the
20 data request.

21 **BY MS. SKOLNICK:**

22 **Q.** Now, also in that data request response,

1 ComEd indicates that those figures needed to be
2 updated based on the new 2008 figures. Have they
3 since -- since ComEd had responded to that --

4 A. Yes.

5 Q. -- have they been updated?

6 A. They have been updated.

7 Q. And now what does ComEd project its total
8 annual savings will be as a result of AMI
9 implementation?

10 A. The total annual savings are 73.5 million
11 in operational savings and 62 million in reduced
12 energy purchases. I think that's 135 but --

13 Q. Now, of that total --

14 A. 138.

15 Q. -- has ComEd broken down to determine what
16 portion of that is represented by labor savings?

17 A. We -- that break down we did by categories.
18 It's in my testimony. We broke it down by meter
19 reading, meter operations, billing call center. I
20 did not -- I'm sure we can go through the papers
21 here but I did not -- we took the total.

22 Q. Right. And my understanding from that

1 testimony was those categorical reductions did not
2 wholly pertain to bargaining unit labor costs?

3 A. Correct. They were total sales.

4 Q. So in order to determine what the savings
5 in bargaining unit labor costs would be --

6 A. Right.

7 Q. -- we'd have to look in the work papers?

8 A. You'd have to look at those, yeah.

9 Q. Okay. Could you tell me when the work
10 paper number three at that you've just been looking
11 at, when was that prepared?

12 A. Within the last two months. I would get
13 confused by the dates but we had a six-week effort
14 aimed at doing the RFI and refreshing the business
15 case and getting all of those components. So it
16 was within that six-week time period that just
17 preceded when we included this in testimony. So
18 I'm going to say January, February, march time
19 frame.

20 Q. And can you identify by name and title
21 those who participated in preparation of these
22 documents?

1 **A.** Yes. Rich O'Toole, Dave Doherty, Chris,
2 male Chris, Oliphant, O-l-i-p-h-a-n-t. All of the
3 customer operations department heads. Do you want
4 me to name them all?

5 **Q.** Is that a lengthy list?

6 **A.** It's six or so people.

7 **Q.** Sure. Just run through them, they'll be on
8 the transcript that way?

9 **MR. RIPPIE:** Can I ask why this is relevant?

10 **MS. SKOLNICK:** Because it goes to -- these
11 documents underlie all of ComEd's projections about
12 costs and I think that it's relevant to understand
13 where those projections came from.

14 **MR. RIPPIE:** I have problem with her describing
15 them all. I don't know why you want their names.

16 **MS. SKOLNICK:** So that we can identify the
17 individuals and their titles, their role within in
18 the Company as to what their role was in preparing
19 these documents.

20 **JUDGE HILLIARD:** That's a lot more questions
21 than just these names. We've got a very limited
22 time frame here. You're 15 minutes over your time.

1 I think I'd like to see you move on to another
2 topic.

3 MS. SKOLNICK: Okay.

4 BY MS. SKOLNICK:

5 Q. Can you tell me when -- the documents
6 contained in your first set of work papers when
7 that was prepared?

8 A. The first set of work papers being the
9 vendor analysis?

10 Q. Right.

11 A. Over the same time period.

12 Q. Okay. So within the last two months?

13 A. Yes.

14 Q. You've mentioned a couple of times the
15 updated business case. Is there a document that
16 contains the business case?

17 A. I think it's the -- well, what's included
18 in the work papers are the components of the
19 business case.

20 Q. Okay. Is there a final sort of compiled
21 document?

22 A. A summary sheet? I would imagine there is.

1 I don't know which one it is.

2 Q. Okay. But it would be contained within
3 those work papers?

4 A. Yes.

5 Q. In the first set or the third set?

6 A. Well, the business cases, both of those.
7 So the first one is the cost side of it, the -- you
8 know, the RFI conclusions and the third are the
9 cost of ownership, which would be the labor on all
10 of the other costs that are savings that are
11 included in our testimony.

12 Q. Has ComEd prepared any kind of executive
13 summary reflecting those conclusions?

14 A. Only what's in the testimony, that the net
15 present value is 28 million and a 16-year pay back.

16 Q. In your surrebuttal testimony and it's come
17 up in the testimony of others there's been this
18 discussion of stakeholder workshops. Would ComEd
19 be opposed to including IBEW Local 15 as a
20 stakeholder in these workshops?

21 A. We would not.

22 MS. SKOLNICK: I have no further questions.

1 JUDGE HILLIARD: Are there any more questioners
2 of this witness?

3 (No response.)

4 JUDGE HILLIARD: Is there any redirect?

5 MR. RIPPIE: Yes, your Honor.

6 REDIRECT EXAMINATION

7 BY

8 MR. RIPPIE:

9 Q. If you remember approximately four hours
10 ago you were asked a question about PECO's AMR
11 system. Is that system comparable to ComEd's
12 proposed AMI implementation?

13 A. No, it isn't.

14 Q. Why not?

15 A. First of all, it's an AMR system, that's
16 one way technology so functionally it's different
17 but --

18 Q. What do you mean by "one way technology"?

19 A. It provides information from the meter back
20 to the utility. It doesn't provide any information
21 to the customer; but equally important, they do not
22 own the technology. It's cell net technology and

1 they basically pay per read for -- so it's a
2 service rather than a meter installation owned by
3 the Company.

4 Q. Numerous individuals asked you questions
5 about O & M savings from various -- sorry from
6 various SMPs -- normally no one every tells me I'm
7 too soft -- does an O & M savings from a technology
8 initiative always reduce ComEd's total cost of
9 service?

10 A. No, it doesn't.

11 Q. Why wouldn't it?

12 A. Well, for -- sometimes you do technology to
13 make better use of the resources you have, so you
14 might redeploy those to other activities. And
15 sometimes with a technology solution you get rid of
16 some task and create some others.

17 Q. Do you remember Mr. Townsend's hypothetical
18 where the ComEd wires company completely changed
19 itself into a ComEd supply company that had no
20 wires company responsibilities any more?

21 A. I remember.

22 Q. In that hypothetical, would there have to

1 be a hypothetical distribution company in order to
2 distribute ComEd's energy?

3 A. Yes.

4 Q. Would you expect that hypothetical
5 distribution company to have a greater, lessor or
6 equal customer care cost to the customer care costs
7 that the real ComEd wires company now gets?

8 A. They would be identical to the real
9 distribution cost.

10 Q. Now, you were also finally asked a couple
11 questions about broadband over power lines which
12 simple people abbreviated BPL. Does ComEd have any
13 current plans to offer BPL either as a regulated or
14 unregulated service?

15 A. No, we do not.

16 Q. Does ComEd have any plans to offer any
17 other regulated or unregulated technology using the
18 Smart Grid proposals that have been made that
19 aren't disclosed in the testimony?

20 A. The only ones that we are planning to offer
21 are those that we have included in the testimony.

22 Q. Does any part of your evaluation of either

1 AMI or the communications network associated with
2 it -- sorry, let me try that question again.

3 Does any part of your conclusion that
4 either AMI or any part of the communications
5 technology associated with it is desirable depend
6 on there being any such other offering made?

7 **A.** No, it doesn't.

8 MR. RIPPIE: Thank you, that's all I have.

9 JUDGE HILLIARD: Any recross?

10 (No response.)

11 JUDGE HILLIARD: Thank you, Miss Clair, you are
12 excused.

13 Who is the lucky witness coming up now?

14 Mr. Fein, would you raise your right
15 hand.

16 (Witness sworn.)

17

18

19

20

21

22

1 DAVID I. FEIN,
2 called as a witness herein, having been first duly
3 sworn, was examined and testified as follows:

4 DIRECT EXAMINATION

5 BY

6 MS. FONNER:

7 **Q.** Please state your full name for the record.

8 **A.** David I. Fein.

9 **Q.** Are you the David I. Fein that provided
10 testimony on behalf of Constellation New Energy in
11 this proceeding, specifically, supplemental direct
12 testimony dated February 26th and rebuttal
13 testimony dated April 8th?

14 **A.** Yes, I did.

15 **Q.** And if I asked you the same questions
16 today, would your answers remain the same?

17 **A.** They would be.

18 JUDGE HILLIARD: Are they on file with the
19 e-Docket?

20 MS. FONNER: They are.

21 JUDGE HILLIARD: Just identify them. You don't
22 have to give them to the reporter.

1 MS. FONNER: They are filed on e-Docket,
2 supplemental direct testimony dated February 26th,
3 e-Docket No. 216161; rebuttal testimony dated
4 April 8th, e-Docket No. 219747?

5 JUDGE HILLIARD: Do they have an exhibit number?

6 MS. FONNER: Yes, your Honor. Supplemental
7 direct is CNE Exhibit 1 and rebuttal testimony is
8 CNE Exhibit 2.0.

9 JUDGE HILLIARD: Okay. Are there -- you are
10 offering those into evidence?

11 MS. FONNER: Yes, your Honor.

12 JUDGE HILLIARD: Is there any objection?

13 (No response.)

14 JUDGE HILLIARD: CNE Exhibit 1 and CNE Exhibit
15 2.0 will be admitted into the record.

16 (Whereupon, CNE
17 Exhibit Nos. 1 and 2.0 were
18 admitted into evidence as
19 of this date.)

20 MS. FONNER: Available for cross.

21 MR. FEELEY: Can I go first?

22 JUDGE HILLIARD: Sure.

1 CROSS-EXAMINATION

2 BY

3 MR. FEELEY:

4 Q. I have very short cross, Mr. Fein.

5 If I could direct your attention to your
6 rebuttal testimony, Exhibit 2.0, Line 89 to 90. Do
7 you see that?

8 A. Yes, I do.

9 MR. FEELEY: Can I approach the witness?

10 JUDGE HILLIARD: Sure.

11 (Whereupon, ICC Staff Cross
12 Exhibit No. 1 was
13 marked for identification
14 as of this date.)

15 MR. FEELEY: I had the court reporter mark for
16 identification ICC Staff Cross Exhibit No. 1, which
17 is a response of CES to PL-11.01. Do you have that
18 in front of you.

19 A. Yes, I do.

20 Q. And that's your response to PL-11.01?

21 A. Yes, it is.

22 MR. FEELEY: At this time, I'd move to admit

1 into evidence ICC Staff Cross Exhibit 1,
2 Constellation New Energy's response to PL-11.01.

3 JUDGE HILLIARD: Objections?

4 MS. FONNER: Not from CNE.

5 JUDGE HILLIARD: Staff Cross Exhibit No. 1 will
6 be admitted.

7 (Whereupon, Staff Cross
8 Exhibit No. 1 was
9 admitted into evidence as
10 of this date.)

11 MR. FEELEY: I have no further questions.

12 CROSS-EXAMINATION

13 BY

14 MR. MUNSON:

15 Q. I have a couple questions, Mr. Fein.
16 Michael Munson on behalf of BOMA Chicago. For
17 competitive retail electric suppliers, how -- it's
18 true that the supplier goes out and acquires the
19 data from ComEd; is that correct?

20 A. If you are referring to usage data is --

21 Q. Yes.

22 A. Yes.

1 **Q.** And for customers over 400 kw, I believe
2 that data is interval data; correct?

3 **A.** Correct.

4 **Q.** And currently the cost is, I think \$22 per
5 meter per access; is that correct?

6 **A.** That is my understanding.

7 **Q.** So in order to access that interval data --
8 anyone who accesses that interval data has to pay
9 that cost?

10 **A.** I believe it's -- yes, I believe it's the
11 same cost for any certified alternative retail
12 electric supplier or other agent of a customer to
13 obtain that information.

14 **Q.** So if a customer goes out to bid to six
15 suppliers and gathers that information themselves,
16 that will be seven times that that meter data is
17 paid for, assuming they all acquired that interval
18 data?

19 **A.** Yes, I believe that's correct.

20 MR. MUNSON: No further questions.

21 JUDGE HILLIARD: Next questioner, please.

22

1 CROSS-EXAMINATION

2 BY

3 MR. RYAN ROBERTSON:

4 Q. Mr. Fein, Ryan Robertson on behalf of IIEC.

5 You indicate in your direct testimony that
6 Constellation New Energy delivers electricity and
7 natural gas through its regulated utility in
8 Maryland, Baltimore Gas and Electric Company; is
9 that correct?

10 A. Yes.

11 Q. Has the Baltimore Gas and Electric Company
12 implemented Smart Grid or programs similar to what
13 ComEd is proposing here on its own system?

14 A. Actually, it's -- they're in the process of
15 working through a similar type of enhancement to
16 their distribution system as we speak. It's in the
17 initial phases of role out proposal before the
18 Maryland Commission but their -- well, their system
19 is not identical to ComEd's, I believe they are
20 contemplating similar types of programs.

21 Q. Are they contemplating a similar use of a
22 rider -- Rider SMP as here?

1 **A.** That's really beyond my scope and
2 knowledge.

3 **Q.** If Rider SMP is proposed -- as proposed by
4 ComEd in this case is approved by the Commission,
5 would the rider apply to retail electric suppliers
6 such as Constellation New Energy?

7 **A.** It's my understanding that the rider
8 applies to customers and not suppliers, so I guess
9 the answer would be no.

10 **Q.** Okay. At Page 7, Lines 119 through 122 of
11 your direct testimony you suggest that installation
12 of Smart Grid projects pursuant to Rider SMP would
13 allow retail electric suppliers to offer customers
14 customized products and services that have
15 traditionally been available for only the largest
16 customers. What are some of these services and
17 products that have only been available to large
18 customers?

19 **A.** Types of products that I was referring to
20 there are -- I think what you described as offering
21 the similar type of demand response, building
22 automation, multiple site retail locations, the

1 establishment of Smart Grid technologies will allow
2 suppliers to really better meet the needs of those
3 smaller customers that have been traditionally
4 invested in the types of things that you are more
5 traditional maybe more energy sophisticated
6 customers like many of the members of the IIEC have
7 been involved in for a number of years.

8 Q. Will the Smart Grid technologies that you
9 reference permit ComEd to deploy these types of
10 products and services to customers on its system?

11 A. Will allow ComEd is your question?

12 Q. Right.

13 A. I have no idea what ComEd plans to go with
14 various offerings that they might have.

15 Q. Okay. And will ComEd affiliate Exelon
16 Energy be able to deploy such products and services
17 to customers on the ComEd system?

18 A. If you are referring to the retail electric
19 supplier Exelon Energy, I would assume they would
20 have the ability to offer it just like all other
21 ARES would have.

22 MR. MUNSON: Okay. No further questions.

1 JUDGE HILLIARD: Next questioner, please.

2 CROSS-EXAMINATION

3 BY

4 MS. LUSSON:

5 Q. Good afternoon, Mr. Fein.

6 A. Good afternoon, Miss Lusson.

7 Q. Now, as I understand Ms. Clair's testimony,

8 ARES will have access to that data that -- demand

9 response data that you talk about in your

10 testimony; is that right?

11 A. It's my understanding based upon the

12 testimony that, yes, while the specifics haven't

13 been figured out yet, it's ComEd's intention that

14 retail electric suppliers, assuming they're serving

15 the actual end use customer, would have access to

16 that information. I think there's a lot of

17 questions that still are out there about timing of

18 that access --

19 Q. And --

20 A. -- associated with that access, those sorts

21 of issuing?

22 Q. And, again, it's that access to the data

1 that would enable CNE to provide those new
2 services; is that right?

3 **A.** Yeah. You know, in our view, in our
4 experience, the more detailed and more extensive
5 information we have about how customers use
6 electricity, it allows us to offer broader array of
7 products and better pricing to customers.

8 **Q.** And just so we're clear, do you expect to
9 have to pay for that access to that data?

10 **A.** Well, we certainly would prefer not to pay
11 for that access. Obviously costs associated with
12 access or anything related that would be a cost
13 that we would incur doing business.

14 **Q.** And have you ever had to pay for that kind
15 of data in other jurisdictions?

16 **A.** Yes. And, you know, the questions that
17 Mr. Munson just posed about what the current rules
18 are in Illinois and the costs associated with just
19 accessing interval data, there is a cost that is
20 borne by retail electric suppliers or anyone else
21 who wants to access that information today.

22 **Q.** And is that -- typically in other

1 jurisdictions when that is -- when you are able to
2 acquire that data, how does that work in terms of
3 the fee structure? Is it a monthly fee that you
4 pay to the delivery service provider?

5 **A.** It varies. It's my understanding that you
6 could see a, you know, a usage fee. So every time
7 you try to access it, you would be assessed that as
8 opposed to a monthly service. There's certain
9 information that's available free of charge but I
10 think it's all across the board.

11 **Q.** Okay. And would you expect that that
12 provision of additional services that CNE could
13 potentially provide as a result of the installation
14 of AMI technology could result in CNE accruing
15 revenues from those additional -- that additional
16 array of services?

17 **A.** Well, we're in the business of making
18 revenues. We're a for-profit company. If the
19 ability to have additional data and information
20 allows us to provide additional service to the
21 customers, that is certainly a potential and that
22 would be something any supplier would look at if

1 they're making a decision to offer different
2 products and services.

3 Q. At Page 7 of your additional direct
4 testimony you reference at Line 120 that it would
5 permit broad deployment of the types of products
6 and services that traditionally have been able for
7 the largest customer. Is that another way of
8 saying that CNE hopes to, perhaps, break into the
9 smaller markets, such as residential and small
10 commercial markets?

11 A. You know, I think we are always looking for
12 additional areas to get into. The company has not
13 heretofore gone into that market segment. We
14 certainly serve smaller commercial customers and I
15 know that there are a number of suppliers kind of
16 clamoring to serve residential and small commercial
17 customers and I think there's another witness who
18 might address that testimony in this case, too.

19 Q. Okay. And at the top of Page 7 of your
20 testimony you state that there are environmental
21 customer service and reliability benefits as well
22 as operating efficiencies associated with Smart

1 Grid technologies. You haven't done your own
2 independent analysis of how Smart Grid technology
3 specifically benefit ComEd's provision of electric
4 delivery services, have you?

5 **A.** No, I haven't performed any study of the
6 ComEd system.

7 **Q.** Turning to your rebuttal testimony very
8 briefly. Now, under the current proposal that
9 Mr. Crumrine seems to like -- or at least he's
10 indicated as such in his surrebuttal testimony that
11 you've talked about in your rebuttal testimony,
12 there would be no rider SMP charge assessed to
13 alternative retail electric suppliers or someone
14 such as CNE under Rider SMP would there?

15 **A.** When you refer to my rebuttal testimony in
16 the area of my testimony that Mr. Crumrine talked
17 about, I assume you are referring to the
18 stakeholder process that I talked about?

19 **Q.** Yes. And your recommendation that the
20 Commission adopt the rider without the approval of
21 any projects associated with the rider.

22 **A.** Yeah, my testimony doesn't really address

1 cost as to who it's applied to and so forth.

2 Q. Under the current Rider SMP proposal,
3 though, the CNE would not be assessed a surcharge,
4 would it?

5 A. That's correct. It's on a customer basis.

6 Q. And, to your knowledge, there would be
7 no -- under the existing Rider SMP proposal, other
8 alternative retail electric suppliers would not be
9 assessed a surcharge under Rider SMP; isn't that
10 correct?

11 A. Yeah, that's my understanding.

12 Q. Mr. Fein, finally, would you -- with your
13 company and do you believe other alternative retail
14 electric suppliers, would you still be interested
15 in participating in a stakeholder process such as
16 the collaborative process that you're in favor of
17 if the Commission chose not to approve Rider SMP in
18 this case?

19 A. Sure. We're always willing to engage in
20 stakeholder processes.

21 MS. LUSSON: Okay. Thank you.

22 JUDGE HILLIARD: That's all your questions?

1 MS. LUSSON: Yes.

2 JUDGE HILLIARD: Are there any other questions
3 for this witness?

4 MR. HOUSE: Yes, your Honor.

5 CROSS-EXAMINATION

6 BY

7 MR. HOUSE:

8 Q. Good afternoon, Mr. Fein.

9 A. Good afternoon, Mr. House.

10 Q. I take it from your answer to Miss Lusson's
11 questions that you are familiar with Mr. Crumrine's
12 proposal concerning a separate proceeding that he
13 outlined in his surrebuttal testimony?

14 A. Yes. I'm always interest in a witness who
15 says I have a reasonable proposal.

16 Q. I'm sure.

17 Then you know Mr. Crumrine has agreed to
18 adopt your proposal for a six month collaborative
19 process with certain modifications, do you not?

20 A. Yeah. Mr. Crumrine had three or four maybe
21 five modifications to the broad structure that I
22 outlined in my rebuttal testimony.

1 **Q.** Sure. I believe Mr. Crumrine has proposed
2 a fairly comprehensive process which incorporates
3 your workshop proposal with some modifications
4 including a biannual or two-year workshop process
5 and filing process and Mr. Crumrine has outlined
6 that process on Page 7, Table 1 of his surrebuttal
7 testimony. Have you had a chance to look at that?

8 **A.** Yes, I have.

9 **Q.** What's your opinion of Mr. Crumrine's
10 modified proposal?

11 **A.** I think the modifications that Mr. Crumrine
12 offered to my proposal are reasonable in that I
13 think he added probably some additional clarify
14 time frame parameters to what I thought was a
15 complete thought out process and I think they'd be
16 acceptable to us.

17 **Q.** All right. Now, earlier Mr. Robertson
18 asked you a couple questions about the types of
19 products and services that AMI would enable you to
20 provide that are already available to larger
21 customers. I'm interested in your statement in
22 your testimony on Page 7, that would be your direct

1 testimony, where you mentioned that there's also an
2 opportunity to customize services. Could you give
3 us a little bit more detail about how you'd be able
4 to customize services and what type of services
5 those might be?

6 **A.** Sure. It's been our experience having been
7 in this marketplace and others really since the
8 advent of restructuring that customers are getting
9 more and more sophisticated. Customers are
10 becoming more and more interested in understanding
11 how and when they use electricity and the prices
12 that vary in the marketplace on really an hour by
13 hour basis. With increasing costs of electricity,
14 that interest has just expanded immensely that we
15 see from customers. Since we exist only to serve
16 customers and need to design products and services
17 that meet their needs, it's a constant evolution of
18 working with software providers IT companies,
19 particularly in the office building setting as well
20 as in the multi-site retail establishments where
21 they're trying to get a better handle of their
22 energy usage. So for us to meet those needs, we

1 really need more frequent and more detailed
2 information regarding their electricity needs and
3 the implementation of Smart Grid technologies will
4 better enable to us meet those needs and design,
5 really, tailored products to meet the customer's
6 needs.

7 MR. HOUSE: Thank you, Mr. Fein.

8 I have nothing else, your Honor.

9 JUDGE HILLIARD: Are there any other questions
10 for this witness?

11 (No response.)

12 JUDGE HILLIARD: Do you have any redirect?

13 MS. FONNER: No, your Honors.

14 JUDGE HILLIARD: Okay. Thank you, Mr. Fein.

15 MR. DAVID FEIN: Thank you.

16 JUDGE HILLIARD: Mr. Boston, would you raise
17 your hand to be sworn.

18 (Witness sworn.)

19

20

21

22

1 ROY BOSTON,
2 called as a witness herein, having been first duly
3 sworn, was examined and testified as follows:

4 DIRECT EXAMINATION

5 BY

6 MR. ROWLAND:

7 Q. Could you please state your name?

8 A. My name is Roy Boston.

9 Q. And I put before you what has been
10 identified as RESA Exhibit 1.0, your reply
11 testimony of Roy Boston consisting of 11 pages of
12 questions and answers. Is this your testimony?

13 A. Yes, it is.

14 Q. And if asked these questions today, would
15 you give the same answers?

16 A. Yes, I would.

17 Q. I also show Exhibit 1.1 which is the resumé
18 of Roy Boston. Is this your resumé?

19 A. This is my biography, yes.

20 Q. And this is accurate -- true and accurate
21 to the best of your knowledge?

22 A. Yes, it is.

1 MR. ROWLAND: Examiners, 1.0 was filed when we
2 filed reply testimony. I filed 1.1 this morning
3 and circulated that among the parties. The resumé.
4 I failed to put that in originally. They're both
5 on e-Docket now.

6 JUDGE HILLIARD: All right. You are offering
7 them in evidence?

8 MR. ROWLAND: Yes, I'm offering them both into
9 evidence.

10 JUDGE HILLIARD: Any objections?

11 (No response.)

12 JUDGE HILLIARD: RESA Exhibit 1.0 and 1.1 will
13 be admitted into the record.

14 (Whereupon, RESA
15 Exhibit Nos. 1.0 and 1.1 were
16 admitted into evidence as
17 of this date.)

18 JUDGE HILLIARD: Any cross-examination of this
19 witness?

20 MS. LUSSON: Yes.

21 JUDGE HILLIARD: Please proceed.

22

1 CROSS-EXAMINATION

2 BY

3 MS. LUSSON:

4 Q. Good afternoon, Mr. Boston.

5 A. Good afternoon.

6 Q. You are here representing RESA, which is
7 Retail Energy Supply Association. Do you know --
8 is Constellation New Energy a member of RESA?

9 A. No, they are not.

10 Q. Now, on Page 3 of your testimony you
11 reference Rider SMP and state at Line 31 that it's
12 appropriate for the Commission to provide ComEd
13 with guidelines for the investments it will make
14 under Rider SMP. Now, to the extent you're
15 discussing Rider SMP there, you are not offering
16 any conclusions about the legality of Rider SMP at
17 this point, are you?

18 A. No, I am not.

19 Q. Now, as I understand your testimony, on
20 Page 4, your organization is interested in the
21 installation of advanced metering infrastructure,
22 essentially for the same reasons that have been

1 articulated by Mr. Fein; is that correct? That
2 being that it will enable RESA members to provide,
3 perhaps a new array of services and I'll let you
4 finish.

5 **A.** Okay. Thank you. Generally I would agree.
6 I think that the focus is really on the customer
7 bringing value to the customer and the services
8 that advanced metering technology would permit and
9 that I think that the implementation of the smart
10 meters would go a long ways towards enabling us to
11 provide that value to the customers.

12 **Q.** And to the extent that you see value to the
13 customers, that would enable your client and the
14 member organizations to provide additional services
15 to those customers; is that right?

16 **A.** That's correct.

17 **Q.** Do you also believe or hope that with the
18 installation of advanced metering infrastructure
19 that it would permit your client to expand your
20 customer base to entities that don't typically
21 purchase commodities separately from the delivery
22 service provider?

1 **A.** By that, I mean -- I take it do you mean
2 that customers who now can't enjoy the benefit of
3 choice and competition now can because there will
4 be new products and services and value that could
5 be brought to them? Yes, I would agree with that.

6 **Q.** Now, at the bottom of Page 4 and top of
7 Page 5 you state, I have no doubt, however, that
8 creative persons have developed services for other
9 utilities services such as telecommunications with
10 upgrades to the network like SS-7 and a fiber optic
11 technology, new services will be developed that
12 will take advantage of AMI. Now, SS-7 refers to
13 signaling system seven; is that correct?

14 **A.** That's correct.

15 **Q.** And can you state for the record what
16 exactly you mean by signaling system seven?

17 **A.** I believe signalizing system seven is a
18 technological feature that the telecommunications
19 services use in order to provide information from
20 the customer to the supplier of the service.

21 **Q.** And would you agree that signaling system
22 seven was a technological platform, so to speak,

1 for the provision of what are called vertical
2 services in the telecommunications industry, if you
3 know?

4 **A.** I am not familiar with the term "vertical
5 services" but it could well be.

6 **Q.** And services such as caller ID, call
7 waiting, voice mail, those kinds of none plain old
8 telephone service services?

9 **A.** Yes, I believe that's correct.

10 **Q.** Would you agree that when SS-7 technology
11 was installed by incumbent local exchange carriers,
12 that there was no rider or surcharge paid by plain
13 old telephone service customers for the financing
14 of that investment prior to its inclusion in rate
15 base?

16 **A.** I really am not aware of how the cost of
17 signaling system seven was records.

18 **Q.** When it came time to include signaling
19 system seven in rates, would you agree that the
20 Commission required Illinois Bell Telephone as it
21 was called back then and other local exchange
22 carrier to allocate the costs of signaling system

1 seven such that they weren't assigned totally to
2 network access but rather spread across the special
3 array of services that the technology created?

4 **A.** I'm sorry, I really don't have any specific
5 information about that. I could not confirm.

6 **Q.** To the extent that AMI would enable
7 alternative retail electric suppliers and other
8 stakeholders to provide new services, do you agree
9 that cost allocation and how to assign costs
10 associated with the installation of advanced
11 metering infrastructure would properly be
12 considered in the workshop process?

13 **A.** Yes, I believe it would be.

14 **Q.** And, again, that's assuming if the
15 Commission had some interest in accelerating the
16 time line of the investment of AMI, would you still
17 agree?

18 **A.** That's correct.

19 **Q.** Would you agree that Rider SMP as it's
20 presently proposed does not attempt to allocate the
21 return of and on investment that ComEd's delivery
22 service ratepayers would pay under the tariff among

1 an array of services that would be provided by that
2 technology?

3 **A.** By "array of services," are you implying
4 they are regulated services or unregulated or both?

5 **Q.** Both.

6 **A.** I believe that Commonwealth Edison only has
7 the ability to allocate the costs over the
8 regulated part of its business and not the
9 regulated, so I would assume that any costs that
10 were associated with it would be recovered through
11 their charges, that's why we are doing this in this
12 rate case.

13 **Q.** And currently Rider SMP is, as designed,
14 would assess a charge associated with the financing
15 of those new investments against ComEd's delivery
16 of service customers; is that correct?

17 **A.** That's my impression of how it was
18 originally proposed, yes.

19 **Q.** And Rider SMP currently does -- at as it's
20 proposed, would not assess a charge to ARES
21 members; is that correct?

22 **A.** I don't believe the so. I would have to go

1 back and check to be sure about it but I cannot
2 recollect one, no.

3 Q. Okay. So you are agreeing that is correct?

4 A. Yes.

5 MS. LUSSON: Thank you.

6 No further questions.

7 JUDGE HILLIARD: Next questioner.

8 CROSS-EXAMINATION

9 BY

10 MR. HOUSE:

11 Q. Good afternoon, Mr. Boston.

12 A. Good afternoon, Mr. House.

13 Q. Would you please turn to Page 3 of your
14 testimony and just take a look at Lines 33 through
15 35 where you mention that approval of Rider SMP
16 involves allowing ComEd to immediately begin
17 earning a return on the investment it makes under
18 that rider. Do you see that?

19 A. Yes, I do.

20 Q. Does your organization support Rider SMP?

21 A. I'm sorry, I could not hear the last part
22 of your question.

1 **Q.** Does your organization support Rider SMP?

2 **A.** Yes, we do.

3 **Q.** Do you believe that implementing AMI on the
4 ComEd system is so important that the Commission
5 should give ComEd the assurance that ComEd says it
6 needs to make AMI investments by approving Rider
7 SMP?

8 **A.** I believe they should insofar as
9 Commonwealth Edison, without assurances that it's
10 expenses can be recovered of implementing that
11 Rider SMP, I believe that those assurances should
12 be given.

13 **Q.** All right. Now, would you turn to Page 5
14 of your testimony and I'm making reference to Lines
15 76 through 84 where you quote, Dr. Tierney's
16 warning that without Rider SMP, there's not likely
17 to be substantial Smart Grid investments on the
18 ComEd system and if the Commission accepts Dr.
19 Tierney's analysis that it should give strong
20 consideration to finding a way to provide ComEd
21 with the incentive and means to provide AMI in the
22 near term. Do you see that?

1 **A.** I see that.

2 **Q.** Do you have any specific ideas about what
3 incentives or means the Commission could employ for
4 ComEd to provide AMI other than a rider?

5 **A.** Well, I think the Commission has the
6 authority to order implementation of certain
7 projects that have been submitted for approval to
8 the Commission. However, I believe that the only
9 methodology that is on the table, so to speak, at
10 this time, is through Rider SMP.

11 **Q.** So as things presently stand, Rider SMP is
12 the most efficient means of ComEd obtaining the
13 kind of rate recovery it would need?

14 **A.** I believe that's correct.

15 **Q.** Now let's turn to Page 6 of your testimony
16 at Lines 96 through 99. You recommend that the
17 Commission should either approve Rider SMP in this
18 proceeding with strong controls or ensure that a
19 separate proceeding be provided a fast track toward
20 implementation. What do you mean by strong
21 controls?

22 **A.** By strong controls, if -- as I understand

1 the original proposal, no project -- specific
2 projects were asked for approval at the time of the
3 filing. However, we wanted to make sure -- the
4 members of RESA wanted to make sure that the
5 Commission maintain oversight over the
6 identification, selection and evaluation of which
7 projects were to go forward to ensure that they
8 would be cost beneficial and would result in
9 maximum value to the customers.

10 Q. And why is RESA interested in fast tracking
11 implementation of Smart Grid?

12 A. Well, we believe that this is something
13 that should be considered over a period of months
14 rather than a period of years. I think that the
15 marketplace is looking right now for services and
16 value at the residential and small commercial level
17 specifically but actually across the board and
18 implementation of smart metering would enable
19 suppliers to provide those services. So I think
20 that it would be of great benefit to get it sooner
21 rather than later.

22 MR. HOUSE: Thank you, Mr. Boston. I have

1 nothing else, your Honor.

2 JUDGE HILLIARD: Any other questioners?

3 MR MUNSON: Yes.

4 JUDGE HILLIARD: Mr. Munson.

5 CROSS-EXAMINATION

6 BY

7 MR. MUNSON:

8 Q. Good afternoon, Mr. Boston. Mike Munson on

9 behalf of BOMA Chicago?

10 A. Good afternoon, Mr. Munson.

11 Q. To follow-up on a question by Mr. House.

12 On Line 98 the words "fast track," do you agree

13 that implementing demand response technologies

14 before summer of 2009 -- 2009 would maximize the

15 benefits of demand response?

16 A. Yes, I do.

17 Q. Referring to the Texas rules you referenced

18 concerning advanced metering.

19 A. Yes.

20 Q. This isn't the only section in those rules;

21 is that correct? Let me take state it a different

22 way because that was a confusing question.

1 Can you explain a little bit about --
2 this is Subchapter M, Chapter 25 of a series of
3 significant cant rules. Can you just tell me what
4 those are meant to address in Texas?

5 **A.** Do you mean the general section where this
6 specific ruled rule is pulled from?

7 **Q.** Yes.

8 **A.** No, I don't believe I can.

9 **Q.** There are other sections in Section 25 that
10 address competitive metering. Are you aware of
11 those sections?

12 **A.** No, I am not.

13 MR. MUNSON: Are you aware -- actually, no
14 further questions.

15 JUDGE HILLIARD: Any more questioners?

16 (No response.)

17 JUDGE HILLIARD: Mr. Robertson?

18 MR. ERIC ROBERTSON: We're waiving our cross of
19 this witness, your Honor.

20 JUDGE HILLIARD: All right. Then I believe
21 we're done with this witness. Staff?

22 MR. FEELEY: We have no cross but I didn't know

1 if you were going to end it for the day. I had a
2 question about witnesses who there is no cross but
3 we have agreements to enter cross exhibits. When
4 do you want to handle those? Some other time.

5 JUDGE HILLIARD: Let's finish with the witness
6 first.

7 Do you have any redirect of the witness?

8 MR. ROWLAND: No, I have not.

9 JUDGE HILLIARD: Thank you, sir. You are
10 excused.

11 Can we do it in the morning?

12 MR. FEELEY: Whenever it's convenient.

13 JUDGE HILLIARD: Let's do it in the morning at
14 9:00 o'clock.

15 (Whereupon, the hearing in the
16 above-entitled matter was
17 continued until April 29, 2008,
18 at 9:00 o'clock a.m.)

19

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22